

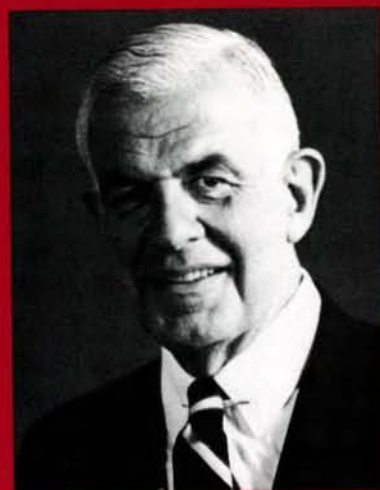
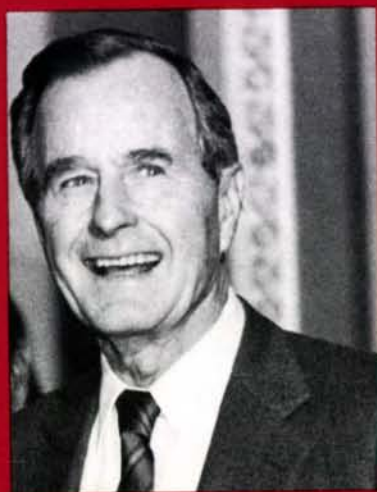
# RIPON

# *forum*

VOL. XXVI NO. 2

JUNE 1990

**DOES ANYONE HAVE THE KEY TO  
THE  
BUDGET?**



## Editor's Column

The budget deficit seems to be one of those issues for which no one has answers. But the truth is a multitude of solutions exist. The real question is whether America's citizens and political leaders have the will to pursue measures which would restore our economic vitality.

That unknown is the subtext underlying the budget summit now being engaged in between leaders from Capitol Hill and the White House. Four of the key principals in the debate, which has an indefinite life, are featured on our cover: President Bush, Speaker of the House Thomas Foley, House Ways and Means Committee Chairman Dan Rostenkowski and Budget Director Richard Darman. Their leadership will be essential in putting America's economic position in forward drive.

The **Forum** offer some specific ideas on how to do just that. This month's editorial provides four points on how to get out of the budget morass. So, too, Congressman Bill Clinger presents ideas on how the budget process can be reformed.

Leading pollster Linda DiVall, whose clients include a number of top gubernatorial, senatorial and congressional candidates, discusses means by which American citizens wish to reduce the deficit. In her **Forum** interview, DiVall also talks about the impact such issues as the environment, education and abortion will have on Campaign '90.

**Forum** editorial board member David Fuscus also analyzes the general election. And book review editor Bill Tate's comments on Robert Caro's recent book on Lyndon Johnson, "The Means of Ascent," should have particular application for budget summitters. Johnson's life, Tate reminds us, had much to do about ends and means.

The **Forum** is particularly pleased to present Pat Sweeney's reporting piece on Poland's economic reforms. Sweeney, who previously lived in Austria for three years, went on assignment to Warsaw as a Mark O. Hatfield Scholar in January 1990. His analysis describes Poland's economic conditions and outlines the status of current U.S. aid. The conclusion is that America is not the only nation with economic problems.

-- Bill McKenzie

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# RIPON *forum*

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## PROFILES AND PERSPECTIVES

# A Conversation with Linda DiVall



Linda DiVall

As founder of the polling group, *American Viewpoint*, Linda DiVall has been recognized by *Campaigns And Elections Magazine* as one of the nation's six rising stars in the Republican Party. The reasons are not invalid. Prior to starting *American Viewpoint* in 1985, the Illinois native served six years with the National Republican Congressional Committee. During that stint, she originated the NRCC's national survey research program.

Now as president of *American Viewpoint*, DiVall has put together an impressive list of survey research clients: CBS News, *George Bush for President* (1988) and the National Women's Political Caucus, among others. Her expertise in assessing voter's likely decision-making time is especially turning her into one of the nation's most sought-after pollsters.

Polling, of course, is essential to modern political campaigns, and in this interview with *Ripon Forum* editor Bill McKenzie, DiVall discusses the role of her profession, the electorate's interests, Campaign '90 and such controversial issues as abortion. Her thesis is that today's voters, while participating in disturbingly low numbers, are *much* better informed than when Walter Lippmann wrote "Public Opinion" over six decades ago. Also she says that George Bush's presidency is putting the GOP on more competitive footing with regard to issues like education and the environment. Says DiVall: "Since President Bush has given the environment much more attention, the GOP is more competitive than in the Reagan-Watt era."

**Ripon Forum:** The November general elections are now just five months away. What public problems most concern the electorate?

**DiVall:** The problems that have been on the forefront since the 1988 elections are drug abuse and the budget deficit. Two other issues coming to the forefront in many states, which could be a result of the type of president George Bush is, are education and the environment. These have been traditionally "secondary issues." But now in statewide polls, education and the environment are moving up.

The result is not all that unusual since people don't perceive we have economic problems and we are at peace. But in the Northeast and Midwest, the environment has been a pretty strong issue for all voters.

**Ripon Forum:** I find it interesting that you cite the budget deficit as a public concern. Many articles refer to the fact that people don't respond to the deficit in the abstract, but only in terms of whether they would pay higher taxes for specific spending programs. Do you find this to be the case?

**DiVall:** That's correct. People know the deficit is a problem, but they can't determine how they personally can fix the problem. If they can pay \$100 more in taxes for their local educational system, or a homeless shelter, then, yes, they see a relationship between their money and government services.

The deficit was a significant challenge with Walter Mondale's 1984 campaign. His people were trying to call attention to the deficit, but no one could see how it impacts them. They know it's bad; they know we can't continue to borrow. But they can't personalize the issue.

This goes to the heart of what Presi-

dent Bush is saying about taxes. We should hold a lid on federal taxes while letting local communities first decide what to do about taxes and local needs. If the money is raised and spent at the national level, people remain skeptical about the way money is spent and believe that a great deal of it is being wasted.

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*Two issues coming to the front, which could be a result of the type of president George Bush is, are education and the environment.*

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**Ripon Forum:** So you find a strong response in your polling data about people preferring to pay into, say, the Alexandria, Virginia government rather than the federal government?

**DiVall:** We haven't asked it that precisely. But every time you attach questions about a specific program, the more local in orientation the program, the more people buy off on it. That is why you continue to see people saying, "Yes, I'll tolerate an increase in my taxes to improve the quality of education here in Mississippi or Illinois." When it gets to a broader level, people still think too much money is being wasted.

**Ripon Forum:** Do Republicans differ in their concerns?

**DiVall:** What's of interest is that Republicans and Democrats are beginning to look more similar than different in their issue agenda. Again, a lot of that response comes because we are not at

war and the economy has been rolling along relatively well.

Drugs is issue number one with all voters. The deficit is typically a bit higher with Republicans, particularly Republican men, than with Democrats. There is not a real significant difference between the parties, such as we saw from 1978 until 1981.

**Ripon Forum:** It seems to me that these issues -- education, drugs and the environment -- are community-related topics as opposed to individual liberty concerns -- lower taxes, government deregulation or decentralized decision-making. Since Republicans have often been equated with the latter, do the community issues adversely affect the GOP?

**DiVall:** Those individual liberty issues never come to the forefront of what bothers most people, although they are at the heart of driving differences in philosophy.

**Ripon Forum:** Even lower taxes don't come to the forefront?

**DiVall:** The overall issues you mentioned are not number one or two today. Of course, inherent in that list is a basic belief that Republicans allow more individual liberties and are less inclined to have government dictate certain freedoms.

With the emergence of the Webster abortion ruling last summer, there has been a clash in terms of what the Republican philosophy should be on a very emotional and personal issue. In my opinion, that is the real hold Democrats have on the abortion issue. They have basically challenged a key tenet of Republican philosophy, namely that many Republicans are true libertarians. They don't believe government should interfere in personal matters. The Democrats have been smart enough to seize upon this philosophical tenet and drive a wedge into a key component of the Republican coalition.

**Ripon Forum:** Are Democrats perceived in the public's eye as being more equipped to deal with such issues as education, the environment or the homeless?

**DiVall:** Traditionally Democrats have held the edge on the *perception* that they would be better able to tackle these problems. The problems you mentioned are considered "people-oriented." Democrats are seen as being for the working person. Republicans are per-

ceived to be better at managing problems.

One key change with President Bush is that Republicans are now doing a better job competing with Democrats on these issues. Democrats are still perceived as doing a better job with the environment, but since President Bush has given the environment much more attention, the GOP is more competitive than in the Reagan-Watt era.

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*Every time you attach questions about a specific program, the more local in orientation the program, the more people buy off on it.*

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**Ripon Forum:** Conservative Republican strategists argue that the party's appeal, at least in presidential elections, is based upon three essential beliefs: opposition to taxes; anti-communism and a strong national defense; and conservative cultural values. Is this kind of Republican platform applicable to the 1990 elections?

**DiVall:** It seems that we are coming close to a shattering of that trend. Taxes is an issue with which many states and localities must deal. We are also in the midst of a national budget summit where everything, including taxes, is on the table. Then there are the sweeping changes in Eastern Europe, where communism is crumbling. The Soviet economy is also in desperate shape, and people are wondering how long Gorbachev can hang on.

Regarding conservative cultural values, abortion has moved into the forefront. The problem in 1990 is not electing pro-choice Republicans but pro-life Republicans. The latter feel increasingly threatened, although my sense is that over the last year the power of the abortion issue has been reduced. We just got back a poll from a key Northeastern state and precisely two people mentioned abortion as the most important problem.

**Ripon Forum:** Only two?

**DiVall:** Two out of 600. Every poll I've seen over the last six months has not had more than four percent of the people saying that abortion is the most important problem.

Getting back to your overall question on the conservative community, conservatives are now increasingly looking ahead to a broader range of issues. I'd call these "family issues," and they include day care, educational quality and health care. These are new family issues because the "Cleaver" family -- four people with a non-working mother -- no longer is standard.

As the family unit changes, people worry about the quality of their nephews' and nieces' education, or their parents' health care, or their own retirement planning. The conservative community is recognizing the importance of these issues and is reaching out to moderates. On the child care bill, for instance, many conservatives and moderates worked together to formulate a bill that would provide people with choices about child care.

**Ripon Forum:** Are there issues which tend to favor Republicans over Democrats in this year's election?

**DiVall:** The interesting thing about the 1990 election is that three moderate Republican women are running for U.S. Senate: Lynn Martin in Illinois, Claudine Schneider in Rhode Island and Pat Saiki in Hawaii. They are in exactly the right place at the right time. Although Democrats traditionally have held an advantage over Republicans on issues like health care, the environment and education, female candidates hold the advantage over male candidates on these issues. Martin, Schneider and Saiki also possess expertise in other fields.

**Ripon Forum:** As you know, an ongoing debate exists about whether or not the Republican Party should emphasize larger national issues or local issues in general elections. What is your opinion about this choice? In particular, which should be emphasized in this year's election?

**DiVall:** You utilize whatever will work in a particular election cycle. Having been part of the 1980 team that came up with "Vote Republican For a Change," I can say that the 1980 election was unique. Democrats controlled everything: the White House, the Senate, the House of Representatives and a large chunk of state legislatures and gubernatorial mansions. A very high level of dissatisfaction also existed. In November 1979, 78% of the people said things were going off track.

There was a way then to capture that anger and focus it on one entity, the Democratic Party.

But now things have changed. Republicans have been in control of the White House for 10 years. Six of those 10 years the GOP also controlled the U.S. Senate. Once you control the White House, people perceive that you control government. So our ability to run on a national agenda is hampered by this perception. Most people will say that the key to winning local races is to run on local issues. I am a firm believer in that.

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**Ripon Forum:** Do you find in your polling that education and drugs are fairly standard concerns across the U.S.? Or are there particular issues in, say, Rhode Island that will affect a race there?

**DiVall:** Each state is very different. In Oregon they are concerned with the spotted owl and its impact on the timber industry. In Rhode Island they are concerned with oil spills. There is always a state-by-state difference, and successful candidates identify the local problems and come up with workable solutions.

**Ripon Forum:** George Bush's popularity ratings among black voters remain high, in some polls well over 50%. To what do you attribute this rating, and does it portend a larger shift in black voting patterns?

**DiVall:** What I attribute it to, very frankly, is President Bush saying that the Republican Party must reach out to blacks. If we are going to become a majority party, we are going to have to make that effort. Certainly the president has been at the forefront of that outreach.

Just recently Benjamin Hooks (executive director of the NAACP) mentioned that he has already met eight times with President Bush. He only met with President Reagan once in eight years.

Likewise, Lee Atwater has met with Coretta Scott King four or five times and has traveled throughout the South to meet with black leaders. These kinds of signals carry a powerful message to the black community. That alone is not going to deliver 50% of the black vote, but it does say there is a new openness to the Republican Party.

**Ripon Forum:** What issues should be emphasized to increase black participation in the GOP?

**DiVall:** One area is crime and drug abuse. Many inner city blacks feel victimized by crime and drugs. That President Bush continues to state his intent to deal with these problems, and has presented some significant measures, shows he understands their importance. Crime and drugs are not just a border problem, but are part of the continuing battle in inner city schools.

Another issue is education. Blacks very much want the best quality education. That represents a means of advancement. Also, Jack Kemp's work at the Department of Housing and Urban Development is significant. He has tried to eliminate the department's fraud and has met with many black leaders to discuss the importance of homeownership. Generally assumed in everything I've said is the importance of continued economic growth.

**Ripon Forum:** Do you see any shift in your polling data about black voting patterns, or do Republicans still draw about 12% of the black community?

**DiVall:** It's too soon to tell, but, again, moderate Republican candidates like Lynn Martin may peel away a part of the black vote. The proof will be if Republicans move from 6-9% of the black vote to, say, 15%. Then we go to the extremely important 1992 Senate elections, where about a half-dozen key Southern Democratic senators are up for re-election. One reason we lost so many key Senate races in 1986 is that we received a low percentage of the black vote. If we can double that percentage, we are in a position of gaining back those seats.

**Ripon Forum:** Hispanic and Asian voters are also becoming -- and soon will be -- central voting blocs in such electorally-rich states as California, Texas and Florida. What issues most concern Hispanics and Asians?

**DiVall:** Again, education and crime. Both Hispanic and Asian communities

are very aware of the opportunities that present themselves if they can get a quality education. These voters are very concerned about the educational system in their communities.

In the three states you mentioned, Republican gubernatorial candidates are making definite overtures to the Hispanic community. The candidates understand the Hispanic communities' increased clout. They also recognize there is a nice match with the Republican agenda.

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*We may be seeing less of the rules and habits that dictated in the past. Getting involved at the local level allows one to have a voice, instill pride and discipline, and find opportunity.*

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**Ripon Forum:** Let's take Texas, where a strong, even rawhide conservative, Clayton Williams, is running for governor. Is he having success with his message in South Texas, where many Hispanics reside?

**DiVall:** He certainly is. Number one, Clayton Williams speaks Spanish and isn't conceding the Hispanic vote to Ann Richards. Number two, many Hispanics are more conservative, so he is doing quite well in many parts of South Texas where Democrats have traditionally assumed they own the vote.

**Ripon Forum:** But government is often seen as a friend to many minorities. What happens when Republicans appear anti-government?

**DiVall:** It's fine to say that government is our friend. But if after 20 years blacks and Hispanics haven't seen their situation improve, they may begin to look twice at that approach. They may be saying, "Why should we just assume Democrats will best deliver progress? Maybe we do need a more conservative approach, where it's not necessarily coming from the federal government."

We may be seeing less of the rules and habits that dictated in the past. Getting involved at the local level allows one to have a voice, instill pride and discipline, and find opportunity.

**Ripon Forum:** You mentioned that in 1988 George Bush preempted some issues Democrats had made their own during the Reagan era, such as the environment. Now that we are 18 months into the Bush administration, do voters seem to trust one party more than the other on the environment?

**DiVall:** Democrats still generally win on dealing with the environment. But when you look at individual races, such as Claudine Schneider versus Claiborne Pell in Rhode Island, some Republicans hold the advantage on the environment.

**Ripon Forum:** If you were to guess today, will the abortion issue harm or help the Republican Party this November?

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*Abortion will be less of a factor than in 1989 because Republican candidates are more prepared to deal with the issue.*

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**DiVall:** Abortion will be less of a factor than in 1989 because Republican candidates are more prepared to deal with the issue. They have really thought through their position. Frankly, they are less defensive. They understand it is an issue with much conflict.

Every poll we've seen divides people into six segments. About six percent are hard pro-life, about six percent are hard pro-choice and the rest fall in the middle. Republicans generally are finding that we don't have to be as scared, but we absolutely must take it seriously. There is no question that the pro-choice coalition has become much more energized and is a significant political factor. But I would be surprised if there are a great number of races where abortion singlehandedly defeats a Republican.

**Ripon Forum:** Is there any consensus about a compromise on this issue? Is there any compromise that appeals to voters?

**DiVall:** The voters have sort of suggested that they don't want to see abortion banned outright. But they don't believe abortion is morally right. They believe that it is too generally available and some restrictions ought to apply. Then you get into what sort of restrictions are reasonable. Generally speak-



William McKenzie (l) and Linda DiVall (r)

ing, the decision to allow a woman to have an abortion in the first three or four months is one voters sign off on.

But voters are not prone to listen to an argument on restrictions first. If the candidate starts out with restrictions first, then that appears they are in favor of banning abortions first.

**Ripon Forum:** A final question on the 1990 elections. What are the advantages and disadvantages of candidates like Claudine Schneider, Tom Tauke and Pat Saiki, who are fiscally conservative and socially progressive?

**DiVall:** The advantages are that they have a president who is much in the same way. From the top of the party to these key Senate races you have a nice mesh of message and philosophy. There is nothing inconsistent with the approaches. Some people would argue that in 1980 and '82 it might have been difficult for the Lynn Martins, Tom Taukes or Claudine Schneiders. Then you needed a harder-edged conservative candidate.

**Ripon Forum:** Let me put you on the line, since you study this stuff more than the rest of us. Will Republicans pick up Senate seats this year?

**DiVall:** Yes, but not enough to get a majority. The election will put us in a position to try for a majority in 1992, when a presidential election will increase voter turnout.

**Ripon Forum:** How many seats?

**DiVall:** I don't know, maybe a couple. There are always surprises in Senate contests on Election Night.

**Ripon Forum:** Will the party defy historical traditions and pick up House seats during an off-year election?

**DiVall:** Those races are just beginning to shape up. I don't know yet. There is

an opportunity over the next four years to make significant House gains. This is due to a possible large number of open seats if campaign finance reform is passed. Incumbents would be allowed to keep their "war chests," but only if they retire. My hunch is a number will take the money and run.

We also are continuing to have a realignment of sorts. More and more people are identifying with the Republican Party. If we are successful in holding on to the governor's seats in California, Texas and Florida, we will have an opportunity of drawing lines in seats that comprise about a third of the House.

**Ripon Forum:** I know you don't want to admit this, but aren't pollsters becoming the most essential player on a campaign team, outside of the campaign manager?

**DiVall:** Let's start with the premise that the most important part of the team is the candidate.

**Ripon Forum:** Notice that I didn't say more important than the *candidate*. We haven't gotten that far yet.

**DiVall:** My observation is that we have a lot of equal players. The candidate, the campaign manager, the media person, the pollster and the finance person usually sit at the table together and sign off on decisions. Everything is tremendously intertwined.

I suppose I'd like to say the pollster is taking on increasing importance. But our role remains sensing the environment and being "proactive" to data. Pollsters present the issues, outline the coalitions and suggest ways of peeling off votes. I'm not sure we are becoming increasingly more important as

much as we are an assumed factor in the strategic framework of the campaign.

**Ripon Forum:** In his famous book of the 1920s, "Public Opinion," Walter Lippmann presents a less-than-exalted view of the electorate, suggesting that most people are just followers of mass culture. Do you find that today's electorate is more informed or more refined?

**DiVall:** There is no question that we have a more informed electorate. Even over the last 10 years the types of questions we ask in foreign affairs or economic policy have changed. People are not only more informed but are more capable of discerning complex matters.

We should remember, though, that polls are only snapshots in time. We tend to analyze results as if the election were today. But peoples' minds change as a campaign plays itself out. The art of polling is looking at what is shaping peoples' decisions and whether they are in a mode to make a final decision.

**Ripon Forum:** Are our general feelings about issues driven mostly by elites, or are they driven by citizens' more direct interests, hopes or fears?

**DiVall:** There is not a general answer to that question. There are a lot of people who are too busy to listen to the nightly news, so their decisions are not shaped by elites. They are talking to their wife, neighbor or father-in-law. But I don't think there is any one source that dictates how people shape their opinions. If anything, the process is becoming increasingly fragmented.

**Ripon Forum:** Essayist Charles Krauthammer recently wrote that America's low voter turnout is actually a healthy sign -- our lives are becoming less politicized. He claims that the evil of totalitarian and authoritarian societies is that they politicize the essentials of life, such as family, work, religion and play. Is it true that we should be worried about low voter turnout?

**DiVall:** I am increasingly worried about voter turnout. My perception is colored somewhat since I just returned from Rumania. People there felt their lives were on the line in that country's first "free and fair" election. It may not have been "free and fair," but I think we take some of our basic freedoms for

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granted. Until December 22 people in Rumania couldn't even walk down the street and have a conversation with five other people. Their turnout was very high, but the process was flawed because of the intimidation techniques that prevailed in the weeks prior to the election.

But perhaps the challenge to increasing our turnout is for candidates and their campaigns to increase motivation in following the campaign process. Frankly, that is why I believe both Lynn Martin and Claudine Schneider will benefit from an intangible plus on Election Day. They are strong, unique personalities who will -- and already have -- challenged the status quo. ■

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## EDITORIALS

# How to Get Out of the Budget Morass

**L**oyal Forum Readers will recall that in March we contended the savings from the inevitable reductions in military spending should be applied to reducing the federal deficit. But we also wrote that the peace dividend-for-deficit reduction swap does not mean the president in particular nor Republicans in general should ignore the growing demands for infrastructure and education improvements, or even aid to emerging democracies.

That reasoning sounds a bit encompassing, of course. Where will the money come from to fund transportation, education and democracy initiatives?

Our answer then and now is economically simple, but politically difficult: curtail the rate of growth in upper-middle and upper class entitlement programs; pursue defense and spending strategies in a way which recognizes the coming multipolar world; reduce interest rates by engaging in realistic monetary reform; and raise certain taxes. These policies would lower the deficit and free up money for key problems.

### THE BUDGET SUMMIT

**T**o a degree, the above parameters are at the heart of the ongoing "budget summit" between the Bush administration and congressional leaders. There might even be some light at the end of the economic tunnel.

The first glimpse of hope occurred this spring when Democratic Representative Dan Rostenkowski, chairman of the House Ways and Means Committee, put forth a plan which includes an all three options: entitlements, defense and taxes. A second glimmer was witnessed on Sunday, May 6, the day George Bush met privately with Democratic and Republican congressional leaders to pledge that "no preconditions" would be placed on a 1991 budget summit.

As expected, conservative leaders within and outside Washington balked at the presidential proposal. The requisite hand-holding and posturing occurred soon thereafter: John Sununu said this, George Bush said that, and Richard Darman said this and that.

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*Unfortunately, the budget talks are missing an opportunity to highlight the real problem: the rate of growth in federal entitlement spending.*

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But the fact that congressional and administration leaders are now engaged in serious budget discussions is positive. Even though the economic talks will periodically break down, some answers should emerge. The most probable package will include a few tax increases, further defense cuts and relative domestic spending restraints.

But will the likely combination be enough to significantly alter the federal deficit, which is alarming not so much as a percentage of GNP but because of its adverse impact on interest rates? Probably not. Unfortunately, the budget talks are missing an opportunity to highlight the real problem: the rate of growth in federal entitlement spending.

### ENTITLEMENT SPENDING

**P**ut simply, such mandated benefits as Social Security, Medicare, federal civil service, military and veterans benefits and unemployment compensation require no income qualification. By design, they are part of our social insurance system and should remain so. But a strong case can be made that some reforms are needed.

Consider the Social Security program. In "On Borrowed Time: How the Growth In Entitlement Spending

Threatens America's Future," Peter Peterson and Neil Howe write that "Far from targeting the poor, Social Security cash benefits are actually regressive in the sense that those with the highest lifetime incomes receive the highest monthly payments."

One misconception in the entitlement debate is that the elderly beneficiaries of the \$250 billion per year Social Security program are primarily poor. Look at these statistics: The official poverty rate for the elderly in 1986 was 1.4 percent that for the nonelderly. When you factor in "in-kind" public benefits, the poverty rate for the elderly falls to one third of the rate for the nonelderly. Also, 14 percent of all Social Security cash benefits in 1986 went to the 12 percent of beneficiaries with cash incomes above 600 percent of the poverty level. Only 25 percent of the benefits went to the 34 percent with cash incomes beneath 200 percent of the poverty level or less.

Similarly, federal civil service and military pension programs, which doubled in size as a share of the federal budget from 1971-1986, benefit large numbers of nonpoor Americans. "Households with annual incomes of more than \$24,000 in 1984," Peterson and Howe write, "received two out of every three civil service retirement dollars and five out of every six military retirement dollars."

Don't be misled. Reforming entitlement programs is not a secret Social Darwinian scheme, and, in fact, serious changes could release funds to assist the needy. Again, let us quote Peterson and Howe: "With only an addition \$4 billion, properly targeted, we could raise every elderly household that participates in the Supplemental Security Income program over the official poverty level."

So what changes are desirable? Among those we would put on the table are: reducing the cost-of-living adjustment for nonpoor Social Security



beneficiaries; counting all Social Security cash benefits above the actuarial value of each worker's contributions as taxable income; cutting the replacement rates in the initial benefit formula for upper income beneficiaries; gradually raising the Social Security retirement age; indexing civil service and military retirement systems' COLAs to 60 percent of the Consumer Price Index; moving from age 55 to age 60 the date at which civil service workers can retire with full benefits; bringing COLAs for federal pensioners into line with private pension increases; and lengthening the years of service military people must engage in to receive reduced and full benefits.

These changes are not necessarily new; some were even proposed in 1982 by the 500-member Bipartisan Budget Appeal group headed by Peterson, a former commerce secretary. Along with other proposals, they are well known on Capitol Hill and the White House. They are even given private acknowledgement. But dismally, such proposals receive scant political support. Too many "leaders" are scared away by the perceived fallout.

## DEFENSE AND MONETARY REFORMS

The defense budget, of course, represents another source of savings. Perhaps Congress and the administration will be more forthcoming in reshaping this aspect of the federal budget.

The current wisdom in Washington is that the U.S. must radically scale down the \$300 billion a year Pentagon budget. A coalition of individuals as diverse as former CIA Director William Colby and anti-Vietnam War activist William Slove Coffin is now lobbying for a \$150 billion a year defense budget by the year 2000.

Perhaps that is possible. We certainly favor reorienting our defense strategies. But is it wise to systematically reduce the defense budget without first defining broader goals or knowing more about the eastern bloc's outcome?

President Bush's cautious approach to reducing Pentagon spending may not be sexy, but it at least acknowledges the obvious: greater change is needed in Eastern Europe and the Soviet Union before U.S. defense priorities can be seriously reshaped. In fact, the bleak Russian economic situation, as well as

the resurgent nationalism, could lead to fatal troubles for Mikhail Gorbachev, who still represents the best hope for progress.

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*Outside of eliminating the tax bubble, personal or corporate income taxes should not be raised. The negative impact on wealth creation must be considered.*

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The clamorers for deep defense cuts, which means \$15 billion a year for the next 10 years, must be patient. It's not wrong to push for a five percent real decline this year. There should be at least that much in wasteful spending. But to consider a \$15 billion decrease an annual occurrence for the next decade is a bit hard to support.

First, the Cold War lasted 40 years; it's only logical that it will take more than a year to determine the new international order. Second, even if the new alignment turns out favorably, how will we absorb the human cost? Specifically, what happens to those large numbers of laid-off conventional forces? Where do those soldiers go? Who retrains them? And will Congress be more willing to make tough decisions about base closings than they have been with, say, entitlement programs?

Our aim is that if the eastern bloc's renewal is successful, defense responsibilities must be shared more equitably among western allies. The Free World Fund proposed in these pages last December is a recognition of the inter-related needs of the growing multipolar world. Sooner than later, such multi-lateral approaches will lead to security savings.

One economic area in which international cooperation could have a positive economic impact is the stabilization of exchange rates. We do not need to recreate the Bretton Woods system, which relied upon gold as the ultimate currency arbiter. But coordinating allied monetary policies could have favorable benefit.

For instance, pegging exchange rates to a basket of goods, which James A. Baker suggested during his tenure as treasury secretary, would help stabilize

the U.S. dollar. In turn, a predictable dollar would lead to lower interest rates. That fact is significant since the interest on the national debt is the fastest-growing part of the federal budget.

## TAX POLICY

Each of these policy initiatives should be seen as an alternative to tax increases, which strong political leadership could avoid. But the likelihood of avoiding new taxes is certainly minimal.

So the final aspect of the budget problem relates to taxes. Our answers here are no better than most. The alternatives are increasing alcohol and cigarette taxes; implementing an oil import fee or placing a new tax on gasoline; deleting the "tax bubble" which allows high income wage earners to pay a 28 percent tax rate on income over a certain level instead of the top 33 percent rate; and implementing a value-added tax on general sales.

Each measure is preferable to increasing personal or corporate taxes and could be implemented in a manner that offsets regressive characteristics. Outside of eliminating the tax bubble, personal or corporate income taxes should not be raised. The negative impact on wealth creation must be considered. After all, capital development is essential to producing jobs.

More is at stake in the budget summit, however, than the federal deficit. If that figure can be reduced to the pre-Ronald Reagan range of \$30-\$40 billion per year, victory should be declared. At such a point, the federal deficit as a percentage of GNP would be negligible. Interest rates would drop in response to decreased borrowing. Some debt could even be repaid.

The overriding issue of the ongoing budget negotiations is more serious: does our political system work? Put aside the cat-and-mouse question of whether President Bush or Senate Majority Leader George Mitchell first budges on taxes. That nonsense is a media/political consultant game. The real issue is, can our political leaders make serious decisions? Is it possible to say no in a democracy? Like you, we wait and see. ■

# Poland Assessed: Beyond the Iron Curtain

By Padraic Sweeney

As all observers of the rapidly-changing Eastern European political climate know, Poland's new Solidarity-led government faced a rapidly deteriorating economic situation when it assumed office in September 1989. The most alarming political aspect of the economic problem was inflation.

In the first six months of 1989, for instance, real wages rose by nearly 20% while real consumer expenditures increased by 17%. A new government, especially one attempting to undo years of Communist policy, could hardly tolerate such threatening numbers.

The situation was actually worse since the outgoing Communist government abandoned all food price controls in August. According to one western estimate, this move resulted in price rises of 50-300%. By December, the Polish Central Statistical Office (GUS) reported that prices of consumer goods and services had risen 740% over the levels of the previous December. Food prices in particular rose by 978%.

More than inflation troubles the Polish economy, however. In 1989, the country's gross national product grew by only 0-0.5%. From 1988, the output of state construction enterprises fell by more than nine percent; the number of housing units completed in 1989 was 21% less than in 1988.

To no one's surprise, economic performance was sharply off at the beginning of 1990. Sales of industrial products were down 20% from the previous January. Construction declined by a similar figure, and exports, in constant prices, were off by 16%.

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*Padraic Sweeney returned in late May from four months in Poland as a Ripon Educational Fund Mark O. Hatfield Scholar. This article is excerpted from his longer assessment of Poland's reforms.*

On the positive side, wages in five key Polish economic sectors increased by only 1.3% from December 1989 to January 1990. When you factor in inflation, this change amounts to a 40% decline in real wages in five key areas of the economy.

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*The fall in real wages and the beginnings of unemployment reveal the seriousness of the troubles facing an economy that has been ruinously mismanaged for 40 years.*

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Since holding down wages has been a key objective of the government's anti-inflation plan, the decline represents some success. Yet the fall in real wages and the beginnings of unemployment reveal the seriousness of the troubles facing an economy that has been ruinously mismanaged for 40 years.

## ECONOMIC REFORMS

Poland's spiraling economic problems have meant that the new prime minister, Tadeusz Mazowiecki, must move with haste. The country's future depends upon the transformation of the economy.

The burden of preparing a response to this predicament fell last September to the new finance minister, Leszek Balcerowicz, an economist from the Central School of Planning and Statistics in Warsaw. By late September, Balcerowicz had prepared a rough economic recovery outline.

The Balcerowicz plan was soon presented to the annual Board of Governors' meeting of the International Monetary Fund in Washington, D.C. The Bush administration and various members of Congress also received the outline, and it was credited with per-

suading Washington skeptics about the new government's earnestness.

The plan is quite direct about Poland's need to reestablish a market economy. The plan's three major components include: monetary and price stabilization, structural adjustment, and foreign economic assistance and external debt reduction. As Balcerowicz makes clear, the three aims must be pursued simultaneously.

The short-term steps have already mostly been taken and are designed to stop inflation and thus stabilize the economy. These changes include a sharp reduction in the government budget deficit, primarily through cutting subsidies and privatizing state enterprises; establishing a uniform or single exchange rate; significantly devaluing the zloty and establishing a convertible currency; and restricting domestic credit creation.

Interest rates are also being allowed to find market levels, while wage growth is being held below the rate of inflation. Taxes are being reformed, and parts of the defense industry are to be converted to civilian production.

The aim of these policies is to create conditions for sustained price and exchange rate stability. This will be achieved through restricting credit to the government and state-owned enterprises and simultaneously eliminating price controls.

The longer-term structural changes are similar to and, in some cases, overlap the shorter-term economic stabilization measures. The government's plan calls for creating a stock market, lowering and simplifying tax rates, making the zloty convertible and liberalizing foreign trade regulations. The creation of private banks is also an important item, as is the participation of foreign banks in the Polish economy.

The new Polish government is also attempting to privatize state-owned companies. This requires the legal transformation of state enterprises into joint

stock companies with ownership vested in a state body. Special "purchase rights" are to be reserved for workers and managers.

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*An intended consequence of a more demanding Polish business climate is to transfer capital from heavy industry to service-oriented or light industry operations.*

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Operating conditions for state-run firms are likewise being toughened. Specifically, the "soft budget constraint," which retards efficiency by covering losses with handouts from the state budget, is being curtailed. And creation of a new bankruptcy code is seen as a means to reorganize or liquidate state-run operations.

An intended consequence of a more demanding Polish business climate is to transfer capital from heavy industry to service-oriented or light industry operations. This shift will require increased labor mobility. To put it bluntly, some industries must be allowed to fail.

Of course, the labor shift demands the creation of a more developed social welfare system. Among the most urgent tasks facing the "new Poland" is the assembling of an unemployment compensation system, the providing of severance pay and the development of worker retraining. To encourage labor mobility, the rental housing market must also be expanded.

To be sure, Poland cannot meet many of these needs without outside assistance. The Polish government has thus been aggressively seeking outside capital. To some degree, it has been successful.

A \$700 million standby agreement with the International Monetary Fund has already been approved. So, too, has a structural adjustment loan been granted by the World Bank, while a \$1 billion stabilization loan has been put together by western governments in order to transform the zloty.

The government has also requested a 36 month relief from debt-service payments and is rescheduling all interest and principal on its debt to western governments. Improved debt-service

conditions with commercial creditors is also being pursued.

## PRELIMINARY RESULTS

Although these reforms are just now being pursued or are in an incubation period, it's not too early to assess their status. A preliminary judgment was the purpose of my four-month trip this spring to Poland as a Mark O. Hatfield Scholar.

In general, the government's drastic monetarist policies have succeeded in bringing inflation under control. Prices jumped in March, which coincided with bonus payments by many companies. Yet overall, there has been no return to the destabilizing hyperinflation of late 1989.

A uniform exchange rate has been established, and by the end of 1989 the zloty was significantly devalued. The zloty-dollar exchange rate was also stabilized by late January. As Balcerowicz points out, these reforms occurred without the use of the \$1 billion stabilization fund.

Subsidies have been cut on a wide range of consumer goods and are now being reduced on such services as public transportation and telecommunications. (To drive home this point, my urban mass transit fares *doubled* in early March.)

Similarly, changes in the labor market are occurring. The number of unemployed workers reached 351,158 by early May. This rather perverse figure actually indicates a positive phenomenon: the development of a more efficient labor market. In fact, Balcerowicz claims that the unemployment growth reflects a "movement from a sellers' market to a buyers' market." In the past, sellers dictated conditions to buyers. But raising prices, tightening credit and eliminating subsidies are forcing Polish producers into a new relationship with their customers.

No doubt, the Balcerowicz plan has not met with success on all fronts. Privatizing industry has been particularly troublesome. On February 6, the Council of Ministers (the Polish Cabinet) took up for the second time the government's legislative package on privatization. The Warsaw daily newspaper, **Rzeczpospolita**, reported the next day that continuing deliberations "were not a question of sluggishness or laziness of the government, but

of the deep conviction that [the manner of privatization] is a matter of the greatest importance."

Several political factors stand in the way of privatization. One issue is the power of the agency which assumes ownership of state enterprises. Another problem is the financing of stock purchases by workers. Where will they get the money? After all, many workers lack the means to buy stock. One negative consequence may be that the old guard will acquire ownership by default.

A third issue stymieing privatization are the conditions by which Poland will allow foreign ownership of its assets. Much of the nation fears German control of its country, which is a not surprising result of World War II.

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*In general, the government's drastic monetarist policies have succeeded in bringing inflation under control.*

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A fourth problem is that large state enterprises inherited from the Communist regime are, to no one's surprise, not cooperating in their demise. Some large state firms reportedly are not selling their products at all rather than accepting lower prices. As a result, warehouses are full of certain goods which are not finding their way to market. On top of this, the government has lost tax revenues from sales that did not take place.

The most susceptible areas to demonopolization are: consumer goods, food and agriculture products and light industries. Marek Dabrowski, state secretary in the Ministry of Finance, claims that firms in these sectors "most rapidly adapted themselves to the new situation of consumption."

These areas must be contrasted with heavy industry, where massive capital outlays and a long investment lead time are required. The government's director of Anti-Monopoly Operations, Ryszard Jacyno, observes that competitively-priced foreign imports could help bring down the heavy industry monopolies. According to Jacyno, the Polish automaker FSO "would go bankrupt in the course of a few months if customs

duties were reduced on automobiles." (Unfortunately, Poland's precarious balance-of-payments situation makes this an unlikely proposition.)

The other major problem area is agriculture. The net result of hyperinflation, and government measures to combat it, is that farmers are bearing the full brunt of increased costs for production inputs. Yet they also are being denied higher prices for production outputs.

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*As the Polish economy stabilizes, U.S. policies will have to direct themselves toward promoting long-term economic restructuring.*

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Ironically, the major beneficiaries of higher food prices have turned out to be state-owned and cooperative monopolies which control purchasing, processing and distribution. These monopolies have held down producer prices while enjoying soaring consumer prices.

Farm incomes have increased very little, however, in the face of higher prices for fuel, equipment and agricultural chemicals. Consider that interest rates on refinanced credit issued by the Central Bank rose to 36% for the month of January alone (by March, the monthly rate was down to 10%). Likewise, energy prices have quadrupled, while fertilizer and machinery subsidies have been removed. An alarming development is that some farmers are reportedly responding to low producer prices by selling off their breeding stock. This phenomenon could take years to recover from, particularly with regard to cattle.

The agricultural problem is offset somewhat by a boom in Polish farm exports, especially meat and butter. Farmers also began to undermine state monopolies by selling directly to Polish consumers from their own trucks, which are parked ubiquitously on the streets of every Polish city and town.

## **U.S. ASSISTANCE TO POLAND**

**B**y late December 1989, a diverse program of U.S. economic assistance emerged in response to Poland's rapidly-changing economic and politi-

cal order. The value of these programs exceeds \$800 million and does not include various private assistance programs.

Financial aid is one of the most important elements the American people can provide the Polish economy. So far, U.S. public aid has been divided into a \$200 million grant for the international stabilization fund to back the zloty; diplomatic support for Poland among such international organizations as the IMF and the World Bank; and a \$200 million "bridging" loan from the U.S. Treasury to help Poland meet its international financial obligations before the IMF stand-by agreement took effect.

In addition to these direct financial assistance programs, a number of new or expanded U.S. programs are being directed at Poland. Their aim is to promote investment and trade, especially with the United States. These programs include credit and export guarantees administered by the U.S. Export-Import Bank and the Overseas Private Investment Corporation; increased trade promotion by the Foreign Commercial Service of the Commerce Department; and the \$240 million Polish-American Enterprise Fund authorized by Congress last year.

A highly-innovative feature of the U.S. aid package is the Polish-American Enterprise Fund, which President Bush proposed before the Polish Sejm on July 10, 1989. In November 1989, Congress authorized the appropriation of \$240 million over a period of three years.

American officials stress that the Enterprise Fund is intended to promote domestic and foreign investment in Poland, not to promote trade with the United States. As one member of the U.S. Embassy in Warsaw told me, "The goal of the Enterprise Fund is indigenous capital formation and development."

The Enterprise Fund is a private organization authorized to receive both U.S. government funds and private contributions. It is also entitled to cooperate with private investors and lending institutions in both countries to support profit-making endeavors. Profits generated by the Fund itself are to be reinvested in new projects. Although some direct lending by the Fund is envisaged, it will serve primarily as a "financial wholesaler."

The Fund is also allowed to assist private, but not public joint U.S.-Polish ventures. This could have a positive impact upon small business development. Money will be made available as a strict investment and will be on market terms and "in accordance with sound business practices."

Another major category of U.S. aid is agriculture-related. According to the U.S. Embassy in Warsaw, U.S. agricultural assistance programs for fiscal year 1990 totalled nearly \$120 million by mid-March. (Further assistance may also be made available this year.) This aid has been primarily in the form of commodities for animal and human consumption.

Prior to the change of government in Poland, U.S. agriculture aid had been a modest 8,000 tons of yearly commodities. In August 1989, following President Bush's visit, \$50 million in commodities was authorized for delivery. A further \$50 million was authorized in September and \$20 million in December.

This agricultural aid has been seen by American officials as part of the stabilization process, not for long-term restructuring. As one U.S. official in Poland said, "Food aid was to get them through the winter." With most of the U.S. commodities delivered or on their way by mid-March, the shape of U.S. agricultural assistance should begin to shift to technical and extension assistance.

Other aid programs are also beginning to operate in Poland, including the Peace Corps and the Agency for International Development. Likewise, President Bush recently proposed a "Democracy Corps" to provide private-sector expertise for Poland and other Eastern European nations. Joint private-public worker retraining initiatives are also underway, as are expanded cultural and educational exchange programs.

## **OBSERVATIONS ON U.S. ASSISTANCE**

**S**o far, U.S. economic assistance to Poland has been delivered in a timely and effectively manner. This is especially true with respect to activities aimed at short-term stabilization, in particular financial assistance. U.S. loans and grants, which total \$400 million, as well as diplomatic support with the IMF and other institutions, have played a

leading role in helping the Polish economy weather its inflationary crisis.

It is more difficult to assess the importance of U.S. agricultural aid. The picture in this sector is somewhat confused. In general, Poland is capable of feeding itself and has even witnessed growth in agricultural exports since the Balcerowicz Plan took effect. Combined with the light winter of 1989-1990, these factors make it likely that U.S. agricultural assistance will be of less importance in the short run than U.S. financial aid.

As the Polish economy stabilizes, U.S. policies will have to direct themselves toward promoting long-term economic restructuring. U.S. officials, at least in Warsaw, seem aware of this need. Ideally, according to one official there, this is where the Polish-American Enterprise Fund could play a key role. The promotion of private alternatives to former state monopolies in such industries as food-processing should be one sphere for Fund activities.

Not surprisingly, there has been a relationship between domestic political

interests and U.S. foreign policy toward Poland. Congress, in fact, played a very useful role in expediting the U.S. response to Poland. It should not be forgotten, however, that there are sound strategic reasons for assisting Poland. In a Europe undergoing rapid, sometimes dizzying change, a secure, prosperous Poland can only promote stability in Central Europe, especially while Germany and the Soviet Union themselves undergo radical change.

Of course, directing assistance programs to Poland is complicated by the fact that the Polish economy is a moving target, changing at a rapid pace. Also, the immense amount of interest shown by visiting U.S. business, labor, academic and government leaders has placed a real burden on American Embassy officials in Poland.

But the principles which should guide foreign policymakers are helping Poland become self-sufficient, promoting a politically stable Central Europe, not expecting instant success, and developing an overall policy objective towards Poland. ■

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# Bobbie Kilberg: Making the White House Work

by William P. McKenzie

For all the pieces you've read about the Bush family and its normalcy, the same description can be applied to many, if not most members of the current White House staff. Few people within the Bush inner circle possess the ideological exclusiveness of the early Reagan team or the power-hungry tendencies of the Nixon staff, to cite the eccentricities of two recent administrations.

The tone comes from the top, of course, and George Bush has concentrated on making the White House an accessible place. He recently told the *New York Times Magazine*: "This office intimidates people....I've been through it on the other side, walking through that door. And it's different."

The person responsible for bringing many people through this president's door, and for whom the "normal" charge fits well, is Bobbi Kilberg. Not surprisingly, Kilberg, now deputy assistant to the president for public liaison, once served as an academic vice president at a small woman's college. Like Barbara Bush, she possesses a frank, unflappable nature.

Kilberg's Office of Public Liaison is in charge of maintaining relationships between the president and hundreds of interest groups. The job, which was held by Elizabeth Dole at one point during the Reagan administration, entails arranging meetings for the president and White House advisors with organized interests.

According to Kilberg, a Yale Law School graduate, the delegations are not given perfunctory treatment either. George Bush, a long-time Washington player, "does not view interest groups pejoratively." Rather, the sessions are to "learn directly" the views of different people.

*William P. McKenzie is editor of the Ripon Forum.*

No doubt, a political consequence exists to this process. As more groups are exposed to the White House's view on a particular issue, the more likely support for a measure can be developed. (The White House scheduled 76 meetings on the Clean Air Act alone.)

Although Kilberg's office cannot lobby, it can -- and does -- follow up with visitors to inform them of the president's decisions. She also reminds policymakers of a group's views during policy formulation.

Like the president, the public liaison office uses the White House as a platform. The afternoon this visitor spoke with Kilberg, she had just returned from a program honoring disadvantaged families. The president conducted the "Achievement Against The Odds" ceremony in the Rose Garden, and Kilberg arranges similar events in other prestigious White House settings.

This emphasis on fanfare may imply an inordinate amount of attention on political theatrics. To the contrary, and this point is important to understand about the Bush White House.

An almost city council-like feel exists in this administration, which is far different from the well-orchestrated Reagan White House. Capturing "moments" for the evening news is not the Bush administration's aim.

George Bush and his aides seem intent on demythologizing the White House by establishing a business-like atmosphere. Not only does Kilberg constantly bring individuals and groups in and out of the White House, but the president is notorious for using the phone to check sources and chat up leaders.

This informal style drives some people crazy, of course. George Will makes a living these days by contrasting George Bush to the intellectually aggressive, sometimes haughty leaders the columnist admires: Daniel Patrick Moynihan, Sam Nunn and John Silber, among others. Says Will of Boston University President Silber, a Massachusetts



Bobbie Kilberg

Democratic gubernatorial candidate: "Most politicians aspire to be petunias...in the public garden. Then there is John Silber, the candidate as thistle. If you are looking for kinder and gentler, look elsewhere."

George Bush has been around politics long enough to know that the system works best, however, when personal relationships are maintained. Being a thistle may be more entertaining, but by talking to and establishing relationships with individuals from various backgrounds George Bush is better able to make government work.

Kilberg and her husband have known George Bush since the two Kilbergs served as White House Fellows in 1970. Bush later became Bobbie Kilberg's mentor. Consequently, the moderate Republican and long-time women's rights activist has stood by George Bush even when it was not politically popular among many women.

Kilberg herself talks like a candidate, which she was in 1987 when she lost a Virginia state senate contest by a slim margin. The mother of five has promised the president she will not run again in 1991, but Kilberg does not rule out another campaign beyond that date.

In the meantime, learning the practicalities of politics is good training. In George Bush's White House, Bobbie Kilberg is being taught the essentials of making the system work. ■

# A Republican House of Representatives? Maybe.

By David A. Fuscus

Since 1954, Republicans have languished in the House of Representatives, perpetually in the minority and forever being dominated by the Democrats. It's a bleak story and one that has frustrated generations of Republican lawmakers; yet there may be some light shining through the twilight -- if only a few, briefly shining rays.

Thirty-five years is a long time to spend playing political second fiddle, especially considering the enormous egos and ambitions of many politicians. Yet this is exactly what the Republican Party has done in the House since 1955, serving as a minority party with few powers and limited influence. Of the 176 Republican men and women now in office, none has ever served with a speaker from their own party. The two most senior members, Minority Leader Bob Michel (R-IL) and William S. Broomfield (R-MI), were both elected in 1957, two years after the last brief tenure of Republican control.

This seemingly permanent minority status has been especially frustrating during the last 20 years because Republicans have dominated the White House and won national election after national election. If the party of Lincoln ever hopes to fully further its agenda, it must establish control, or at least working control of the Congress.

Majority status is everything in the House; it is the lens through which almost all power is focused and the party with the most seats can dominate and set the entire House agenda. For example, according to the House rules, the power to decide which bills come to the floor for a vote lies solely with the speaker of the House; he alone can decide what issues the institution will address and can stall or advance any bill. In practice, this

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*David A. Fuscus is a member of the Ripon Forum editorial board.*

power becomes an extension of the speaker through the Democratic leadership, which uses it to further the agenda and ideals of their party. The minority has no legislative say in what happens, although political situations often give them some leverage and bargaining power.

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*The historical snapshot we have to predict GOP fortunes this fall is the midterm election during the Kennedy administration in 1962.*

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Another significant way that the Democrats dominate the House is through the committee system. All legislation must travel through one or more subcommittees and subsequently the parent committee. In much the same way that the speaker controls the House agenda, chairmen control their committees. They are enormously powerful individuals who have final say over the issues and bills their bodies will address. And like the speaker, every subcommittee and committee chairman is a member of the majority, a Democrat. As one Republican congressman recently put it, "We can't sit in the chairman seat even if all the Democrats have to leave for the restroom."

If the Republican Party is to ever have more than token influence in the House, the imperial reign of the Democrats must come to an end; yet their strength is impressive. Presently, the Democrats hold 257 seats to 176 Republican ones; 42 seats would have to change hands to achieve a new majority, a daunting prospect when the re-election rate for incumbents is hovering around 97%. With such gloomy numbers, many in the GOP are wondering, "Will we ever achieve a majority?"

Maybe, or at least a working majority.

The next two elections, this year and in 1992, when taken together, represent the best chance in decades for the GOP to establish a working majority and lay a strong foundation for control. A series of fortunate events could spell victory for the party, even if the present incumbent re-election rate continues.

This year is important for several reasons, the foremost being the redistribution of congressional seats for the 1992 elections, which will be decided by state officials elected this year. For example, in California, as in most states, the governor plays a key role in the reapportionment process because of the ability to veto legislation. Republicans stand an excellent chance of winning the governor's mansion with Pete Wilson, a popular two-term senator who has won some bruising state-wide battles and controls a seasoned grassroots campaign network and fundraising base. Additionally, he has not been plagued with a primary battle like his two possible Democratic opponents, allowing him to marshal funds and resources for the November contest.

California will be gaining between five and seven congressional seats, so influence over the reapportionment process is essential in an increasingly Republican state. With Wilson sworn in as governor, the GOP will ensure itself a strong voice in the process.

According to the U.S. Bureau of the Census, population has been draining away from the traditional Democratic base in the Rust Belt states and transferring to the Republican Sun Belt; as many as 20 seats could transfer, leaving a significant opening for the Republican party.

Another development that should benefit the Republican Party in 1992 became law in 1989 as part of bill overhauling congressional ethics. The new law will eliminate a grandfather clause that presently allows members elected before 1980 to use their campaign war-



chest for personal purposes upon retirement. The present system would allow members like Dan Rostenkowski (D-IL), chairman of the powerful Way and Means Committee, to slip over \$1 million into his personal checking account. Other senior members of the House like Representative Steve Solarz (D-NY) have similar balances.

In 1992, members will no longer be able to keep their campaign funds with an exception for those who retire before election. Many in professional politics expect up to two dozen members to take the money and run, many of them Democrats from safe seats.

Between reapportionment, normal retirements and elimination of the grandfather clause, literally dozens of seats will be without incumbents, presenting fresh opportunities for the Republican Party. In fact, one informed source at the Republican National Committee predicts that there may be between 70 and 80 open seats for the 1992 election.

Can the Republicans capitalize on this lack of entrenched incumbents? If they hope to, three events will have to take place, all of them equally important.

First, President Bush will have to maintain his popularity with the American people, which, according to a recent Gallup Organization poll, stood at a 73% approval rating. At a similar point in Ronald Reagan's first term, his rating was only 43%.

Bush needs to maintain his popular appeal both to win a strong re-election in '92, hopefully with coattails for GOP congressional candidates, but to also keep down midterm losses this November. Traditionally, the party of the incumbent president has lost seats in midterm elections; in practice, it's happened in every midterm election this century with the exception of 1934. Ronald Reagan lost 26 seats in 1982 and even President Eisenhower lost 18 seats in 1954 at the height of his popularity.

The best historical snapshot we have to predict GOP fortunes this fall is the midterm election during the Kennedy administration in 1962. Like Bush with Panama, Kennedy was riding a wave of popular opinion from the Cuban Missile crisis and the economy was experiencing similar growth. Kennedy lost only four seats, a victory in relative terms.

If the economy holds and there are no major mistakes made by the White

House, President Bush should still be popular with the majority of Americans, thus adding to the chance of holding down losses or perhaps gaining one or two seats. The stage would then be set for a grassroots political clash of historic proportions between the two parties with the stakes set at future control of the House of Representatives.

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*Between reapportionment, normal retirements and elimination of the grandfather clause, literally dozens of seats will be without incumbents, presenting fresh opportunities for the Republican Party.*

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The second factor necessary for Republicans to do well in 1992 is for them to continue their advantage in fundraising. The GOP has traditionally outtraised the Democrats by wide margins, but to date has not been able to translate this financial advantage into victory polls. With so many seats opening up in '92, extra money and national party support may well provide the winning edge in close races.

Finally, the Republicans have to do well in the 1990 state races, especially in key states like Florida, California and Texas. A strong showing in gubernatorial and state legislative races will allow Republicans a large voice in apportioning seats in Republican areas.

While no one really expects the Republican Party to establish a majority in 1992, the most likely scenario is the establishment of a working majority similar to what the Republicans achieved in the early 1980s. As a result of the Reagan landslide in 1980, the GOP picked up 32 seats in the House, thus bringing their total to 189. This was enough to attract conservative Democrats from the South and pass many of Reagan's conservative policies. A similar scenario could emerge in 1992 and set the stage for Republican control later in the decade.

Of course, Election Day is still many months away and we have 2 1/2 years until the important election of 1992. But the early signs point favorably to

Republican gains in the House, with the right mix of political luck, demographics and skill, the Republican Party could well take over the House of Representatives within the next few years. It would be a welcome end to the imperial reign of the Democrats and would inject some much needed vitality into Congress. ■

### ***Ripon Policy Calendar***

This summer the Society is sponsoring eight breakfast meeting on subjects of growing importance: health care and international trade.

Below are listings of speakers and subjects:

**May 8** - Deborah Steelman, chair, Advisory Council on Social Security, on long-term health care.

**May 15** - Congressman Thomas Tauke on long-term health care and the Pepper Commission.

**May 22** - Martin Gerry, assistant secretary for planning & evaluation, Department of Health & Human Services, on health care & the uninsured.

**June 5** - Congressman William Gradison on mandated health care.

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**June 19** - Congressman Bill Frenzel on trade developments in the 100th Congress.

**June 26** - Joshua Bolten, general counsel, Office of the U.S. Trade Representative, on the Uruguay round of the GATT negotiations.

**July 11** - Sidney Linn Williams, deputy U.S. trade representative, on the Pacific Rim and international trade.

**July 19** - Ambassador Andreas van Agt, delegation of the Commission of the European Communities, on the prospects for European intergration.

# Drugs 'R Us

By Mariann Kurtz

America has declared a war on drugs, at least that is what the policymakers tell us. Yes, the mouthpieces in Washington wearing blue suits and talking via speaker phone from comfortable offices tell us of death penalties for drug dealers and hungry insect bombing raids against our drug-producing neighbors.

Yet America's war on drugs is little more than a nice term for the raging civil war that is fought daily in our schools, on the job, on our streets, and in our homes.

Our nation's drug problem is not rooted in some other country's poppy fields. Instead, we can point to a vicious cycle of American tastes and habits that demand a product that sustains the trade and reaps its benefits, and federal codes which fail to dissuade our most impressionable members, the first offenders. While politicians spout and celebrities plead, another American grows, sells, carries or uses drugs.

"As long as there is money to be made, people, especially young people, will take an 'I'm too smart to be caught' attitude and deal drugs," says Robert C. Chestnut, assistant U.S. attorney from the Eastern District of Virginia. "Jail terms are not deterrents when kids can make \$1,000 a week, pay no taxes, see lots of excitement and be their own bosses. That sure beats working at McDonald's for \$3.50 an hour."

Chestnut, who has been with the U.S. attorney's office for two years, spends nearly 70 percent of his time on drug cases. He and five other full time attorneys make up the drug unit in the Alexandria, Virginia office. Although Chestnut and his colleagues are politically sensitive to the voices from across the Potomac, they spend their days on the front lines working with local police, customs agents, Drug Enforcement agents and the FBI putting policy into practice. And Chestnut gives up

two or more evenings a month to talk with high school students about the legal and emotional realities of using, dealing and carrying drugs.

"Young people are impatient," Chestnut says. "They want everything now and they see drugs as a way to get it. That is why another person shows up to deal drugs for every person we take off the street. It's easy to dislike traffickers and dealers, and we should target them. But we have to stop blaming all our troubles on them because we can't stop them."

According to Chestnut, the users are the ones who should get the most attention, but usually don't. In too many cases, Chestnut said users get little or no penalties. In fact, under US Code 3607, a first time offender caught for simple possession is eligible for one year of probation without entering a judgment of conviction. In simple terms, the code allows first offenders to walk away without a criminal record, jail time, community service requirements and payment of a fine. No wonder the laws serve as little deterrent when a parking ticket would inflict more punishment than that brandished in this code.

"We need to take use more seriously," said Chestnut. "There is no good reason to use drugs. It's expensive, it's against the law, it destroys the body, but this code gives the general impression that drug use is O.K. We need an attitude adjustment. It's the casual user who still has the capability to make a decision not to use drugs. Maybe a misdemeanor charge, a fine or a weekend in jail would make them think."

In November 1987, a congressional commission fashioned new federal sentencing guidelines limiting the discretion of federal judges in imposing criminal sentences. The guidelines, which represent the first changes in federal sentencing practice in 200 years, identify 43 categories of crime and set a minimum and maximum sentence for each category.

The changes also abolished parole from the federal system. And although they were designed to provide a more

even-handed justice, their rigidity may quell any last hope for creativity and inspiration from the bench.

Take the case of a young medical student from the Washington, D.C. area who was arrested for carrying 750 grams of crack cocaine. He received a sentence of 17 years in prison without parole. While not suggesting that drug couriers should receive preferential treatment, common sense and a bit of simple math reveals the impact of creative bureaucracy.

Consider this: Reduce the medical student's sentence to 10 years. Is seven additional years in prison for this man with no previous criminal record *really* going to benefit society? Use the remaining seven years of time and space for 1,246 two-day sentences for first-time offenders charged with possession or perhaps even drunk driving. At no added cost, except maybe paperwork, 1,247 offenders would face tough consequences for their actions.

A real example of creative intervention comes from an organization called Straight. This group currently runs the largest drug treatment program in the country for adolescents and involves an entire family in the treatment of one member's drug problem. At an average cost of less than \$31 a day, Straight's program runs from 11 to 20 months and enjoys nearly a 50 percent success rate, which is measured in the reestablishment of drug-free lives.

Perhaps Straight has the most promising approach for battling drugs: energized involvement and support of parents, siblings, schools and the community. It also has the basic understanding that the conditions and circumstances leading to drug use did not occur overnight and thus cannot be treated simply.

As Attorney Chestnut suggests, overall directions are needed, but policy has little impact on everyday lives. Sustained local effort such as that embodied by Straight, personal intervention as demonstrated by Chestnut, and some creative bureaucracy might be the combination that makes a difference. ■

*Mariann Kurtz is a member of the Ripon Forum editorial board.*

# The Ripon Agenda

By Donald T. Bliss, Jr.

**Editor's Note:** *Donald T. Bliss, Jr. is the newly-elected president of the Ripon Society, and as such the Ripon Forum asked him to discuss areas and ways in which the Ripon Society can have an influence on the political debate.*

Having participated in Ripon and other moderate Republican causes for more than 20 years, I cannot recall a time of such political uncertainty and opportunity. The very soul of the Republican Party is up for grabs as we help shape a Ripon agenda for the 1990s. On the one hand, the old labels -- e.g., liberal and conservative, or hawk and dove -- are fast losing relevance.

On the other hand, certain time-honored principles are increasingly subject to assault -- equality of opportunity, individual privacy, freedom of speech and lifestyle, and reliance on the efficiency of free domestic and international markets. These principles are in the true tradition of the Republican Party -- the party of Abraham Lincoln and Theodore Roosevelt.

In my view, Ripon should concentrate on three missions. We should develop and market innovative and pragmatic policy initiatives in a fast changing international environment; coopt the Republican Party on issues of tolerance, individual freedom and responsive government; and provide a forum for the exchange of ideas between the electorate and moderate Republican officeholders.

In some respects, the Bush administration represents an opportunity for Ripon. The administration's style is pragmatic, consensus-building and problem solving -- the *modus operandi* of moderate Republicans. On the other hand, the Ripon mission may have seemed more urgent when it was etched in sharp contrast to the ideological right of the Reagan administration. Today, the Bush administration appears to

straddle the fence, striving -- nobly perhaps -- to keep the party together, but inviting a contest for the party's direction on issues such as civil rights legislation, abortion, flag burning, capital punishment, responsible deficit reduction, reduction and redirection of defense spending, and respect for the interconnected world environment.

We can have an impact on this debate. Some other areas in which we can make a difference include the following:

**Voter Apathy** -- The American voter may have become too cynical, beset by the barrage of negative campaigning, well-publicized abuses of public officeholders, and the succession of presidents who have campaigned against the federal bureaucracy. Our historic sense of democracy is at risk.

We need to think innovatively about citizen participation in politics and government in a wide range of context, including but not limited to education, voting rights and registration, campaign finance reforms, campaign standards, and excellence and responsiveness in public service.

**The Security Net** -- Another issue that calls for innovative thinking is the nation's health care system -- confronted with escalating costs, an expanding pool of the uninsured and an endless drain on the federal budget. Applying Ripon principles, it ought to be possible to devise health care reforms that stress diversity, choice, efficient management of health care delivery and financing, consumer participation in health care decisionmaking, private sector provision of long term care and an appropriate role for government in assuring access by all Americans to the health care system.

**Fiscal Responsibility** -- We need to rethink the very process by which the budget is formulated and implemented in Congress and the Executive. We also need a strategic plan to reduce the federal deficit that may include revenue enhancement irrevocably tied to entitle-



Don Bliss

ment and other spending controls. On the spending side, bolder reductions in defense spending can be justified by redefining our defense strategy and facilitating the transfer of technology to the civilian sector. On the revenue side, my favorite candidate would be a substantial gasoline tax with the proceeds committed to transportation infrastructure improvements. The Bush transportation policy spells out the need, but the substantial costs cannot be simply palmed off on the states.

**Eastern Europe** -- With the apparent collapse of world communism, the opportunity to nurture ties with the developing democratic and free market economies of Eastern Europe are boundless. But imaginative and bold new strategies are needed to ensure that the U.S. remains a key participant in an international economy buoyed by European unification, a new free market and the dynamic Pacific Rim.

**Federalism** -- We need to redefine federal-state relations in the context of a complex international economy in which the U.S. can ill-afford redundant and inconsistent federal and state regulation and in which local support institutions are eroding. This means preemption of state power in some areas and greater delegation in others. ■

## REVIEWS

# Means and Ends

Robert A. Caro, "Means of Ascent: The Years of Lyndon Johnson." New York: Alfred A. Knopf, 1990.

by Alfred W. Tate

Lyndon Baines Johnson was an overwrought and excessive man for an overwrought and excessive time. Despite his being dead now almost 20 years, most of us who were of age during his reign retain a strong impression of this huge and hugely interesting personality. The photograph taken on Air Force One of Johnson being sworn in as president, the cartoon of him lifting his shirt to expose a scar in the shape of the outline of the Republic of Vietnam, or the sound of his voice announcing that he would not seek reelection in 1968, are only three of the many images that come to mind as symbols of his legacy.

Principally because of Vietnam, Lyndon Johnson had, in one way or another, an immediate impact on the lives of an entire generation of Americans. This at least in part helps account for the response Robert Caro's emerging multi-volume biography of him is eliciting.

"Means of Ascent" is the second volume and covers the seven years from 1941 to 1948. This period, according to Caro, marks a turning point in Johnson's life and represents a time when the headlong race for power that characterized his life was thwarted.

Caro finds two "threads," one bright and the other dark, running through Johnson's life. In the period this volume covers, the bright one is missing. The Johnson of the first volume, who as a 20 year old teacher in the "Mexican School" on the wrong side of the tracks in the south Texas town of Cotulla had been to his students "like a blessing from a clear sky" and who as their congressman had brought electricity to the farmers of his native Hill Country, is gone. The president who authored the Voting Rights Act of 1965 and launched

the War on Poverty will presumably appear later.

During these seven years, the "dark thread" is dominant in Johnson's life. They begin with him stranded and powerless in the House of Representatives and end with his election to the Senate by what *Life Magazine* would call an "87-vote 'Landslide'" in the 1948 Texas Democratic primary. The Johnson of these years is a ruthless and driven pragmatist, consciously rejecting the idealism he felt had brought his politician father only poverty and ridicule. He is a man, Caro says, "all but totally consumed by his need for power."

Three episodes make up this period in Johnson's career: a six-month tour of duty in the Navy during the first year of the Second World War; the acquisition in his wife's name of radio station KTBC in Austin; and his 1948 campaign for the Senate. The first would provide the prestige of being a war hero, the second the foundations of his personal fortune, and the third the platform from which to reach for what Caro has said was the ultimate goal from the very beginning: the presidency.

### LBJ in World War II

According to Caro, Johnson's stint in World War II was the result of an often repeated campaign pledge he made in his unsuccessful 1941 bid for the Senate. "If the day ever comes when my vote must be cast to send your boy to the trenches," Johnson promised, "that day Lyndon Johnson will leave his Senate seat to go with him." Under the headline "We need courage like this," the pledge had been printed on postcards and mailed to hundreds of thousands of Texans. With Pearl Harbor, it became clear he would have to make good if he was to have any political future after the war.

Not that service in the "trenches" was a real possibility. With a characteristic

eye to the future and his own survival, two years before the war Johnson had signed up as a lieutenant commander in the naval reserve. When the war came, he fangled an assignment to a series of "inspection" tours of naval facilities in Texas and California.

When it became clear that President Roosevelt would order members of Congress who had retained their seats while in the military back to Washington, Johnson became frantic for an assignment that would allow him to return a combat veteran. His opportunity came on an "inspection" tour in Australia when he rode along as an observer on a single bombing mission against a Japanese air base on the north-east coast of New Guinea.

For this effort, General MacArthur -- himself no slouch at seizing the main chance -- awarded Johnson the Silver Star. This despite the fact that none of the active participants in the mission received a medal, much less one of their country's highest decorations for valor. The entire business and what Johnson made of it will seem incredible only to those who missed Grenada, the Iran-Contra affair or any of the more recent examples of the peculiar mix the military, politics and personal ambition creates.

On July 9, 1942, all congressman in the armed forces were ordered to return and four of the eight then on active duty responded by resigning from Congress and remaining in uniform. But Johnson was back in the House of Representatives within a week of Roosevelt's directive.

### The LBJ Company

Six months later, in January of 1943, Lady Bird Johnson filed a request with the Federal Communications Commission for approval to purchase radio station KTBC in Austin. Although other purchasers had been trying for three years to get the FCC approval it

*Alfred W. Tate is a member of the Ripon Forum editorial board.*

took Mrs. Johnson 24 days to receive, the station was no bargain. A "sun-downer" it could only operate during daylight hours, and the frequency it was assigned and the power at which it could operate made the station unable to compete with other broadcaster in the region.

By 1945 the only thing that remained the same about KTBC were its call letters. The power of its signal had quintupled, and the station was now an affiliate of CBS. By 1948 it enabled Johnson to boast of being a millionaire.

Throughout his life he would say of the LBJ Company and associated businesses that began with the purchase of KTBC: "All that is owned by Mrs. Johnson...I don't have any interest in government-regulated industries of any kind and never have had." By Caro's account, however, Johnson's manipulation of the FCC on behalf of the station makes Charles Keating's intrigues with the Federal Home Loan Bank Board look like the work of a rank amateur.

## LBJ the Campaigner

Well over half of "Means of Ascent" is devoted to the 1948 Texas primary and subsequent runoff election for the Democratic nomination for the Senate. The reader is given an almost day-by-day account of the two races, as well as what amounts to a short biography of Johnson's principal opponent, former Texas Governor Coke Stevenson.

Caro finds Johnson's second bid for the Senate the prototype of contemporary political campaigns. One of his innovations was his use of a helicopter to make personal appearances in a short period of time -- as many as 24 in a single day on at least one occasion. Another was the use he made of polling data, and third was his extensive and sophisticated exploration of the media to get and keep his name before the voters.

But according to Caro, Johnson's greatest innovation was the systematic use of what has come to be called "negative campaigning" as the fundamental strategy of his race. He employed two simple devices. One consisted of charging his opponent with something so patently false that no response seemed necessary and then repeating the charge so incessantly that the lack of response was finally taken as an admission of guilt. The other entailed making an un-

provable accusation to which any response would give at least some credence.

Johnson's charge that Stevenson would weaken our national defense and was by implication a communist sympathizer, and his accusation that the former governor had made a "secret" agreement with labor to repeal the Taft-Hartley Act were ludicrous. But in a state with Texas' history and anti-union bias, the proud and conservative Stevenson's refusal to respond to the first and reluctant answer to the second hurt.

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*Caro intends to view the era in U.S. history through the prism of the life of one, albeit major, actor in that era and in question is the relationship between means and ends in politics.*

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In Caro's telling of it, Johnson won by purchasing the votes controlled by the "bosses" of the counties in the Rio Grande valley of south Texas. In the days following the runoff primary, vote tallies changed constantly and finally left him the victor by 87 votes out of almost one million votes cast. An outraged Stevenson challenged the result, first at the Democratic Party's state convention and then in the courts.

The battle over the contested election came down to the fate of one ballot box, that containing the ballots cast in Precinct 13 in Duval County. When the Supreme Court refused to hear Stevenson's appeal that it be opened and the votes inside verified, Johnson's victory, however slim, was assured. Johnson stole it.

The problem in all this is that Caro's portrayal of LBJ is so unrelievedly reptilian as to finally give even the Johnson-hater pause. Moreover, in contrast to the breath of the first volume, here Caro's focus is both sharp and extremely narrow. As a result, his subject is seen in such high relief and limited context that questions inevitably arise. The reader who is unfamiliar with the history of Texas politics, for example, cannot help but wonder if the Coke Stevenson they are introduced to could possibly be the noble cowboy-knight he

is made out to be. And if Caro's Stevenson is too good to be true, what about his Johnson?

Caro seems to have succumbed to the temptation to let the excesses of his subject provoke an equally excessive reaction. The light he shines on Johnson in this volume is so intense and so tightly focussed that in its glare people and events are cast in either brilliant light or unredeemed darkness. In even the worst of us, it is unlikely that the "dark" and "bright" threads are as easily discerned and sharply divided as Caro finds them in Johnson. And one cannot help wondering what may be going on outside the spotlight Car throws on Johnson that might bear on our better understanding of what we are being told.

Any final judgment must await the completion of Caro's project. What makes it so fascinating is that it is underway at the same time that Johnson's successors are struggling to find solutions to the problems his policies engendered. Military and domestic spending is out of control, our leaders are elected without mandate in simplistic and negative campaigns, and as a people we are deeply divided along generational and economic lines. LBJ has indeed a lot to answer for.

Moreover, this struggle is taking place in a context of public apathy and cynicism many trace to Johnson as well. "After Lyndon Johnson," Tom Wicker has written, "trust in 'the President' was tarnished forever."

This points to the larger issue Caro's monumentally ambitious work is pursuing. He intends to view the era in U.S. history through the prism of the life of one, albeit major, actor in that era and in question is the relationship between means and ends in politics. In essence, Caro is asking whether Reinhold Niebuhr was right when he claimed that "the temper and the integrity with which the political fight is waged is more important for the health of our society" than the outcome of any particular election or policy debate.

There is every evidence that most contemporary politicians assume Niebuhr is at best naive and at worst simply wrong. Certainly the Johnson we meet on Caro's pages did. Whether that will be history's judgment remains to be seen. ■

# The Budget Summit and Why We Shouldn't Need It

By Bill Clinger

If one paid strict attention to the national press and political pundits in Washington, the nation should brace itself for a round of new taxes because the federal government will soon be charging us more for everything from income taxes to beer. Critics of the president are proliferating, saying that he has broken his "No New Taxes" pledge, that "Read My Lips" was only a limited promise.

This is just not the case.

President Bush has not agreed to any new taxes. In fact, serious budget discussions have only just begun and no one has even mentioned the dreaded "T" word. All the president has done is to begin a serious discussion with the Democratic leadership of Congress on how to come up with a budget and reduce the deficit. These talks are sorely needed, and the president has done the right thing by saying to his opponents, "let's talk." Unfortunately, many in the press and in Washington have interpreted it as "let's tax."

It is possible that an agreement at the budget summit may come up with some new taxes... or it may not. However, one thing is certain: no one on Capitol Hill or at the White House will be considering new, across-the-board income tax increases.

As a member of Congress, I strongly feel that new taxes are not the solution to our deficit problems, but that reducing spending and reforming the budget process offers a way out of the insane budget spiral which threatens our economy and our nation.

During my years in Congress, I've worked through the tortuous and unwieldy budget process 12 times, enough

to know the strengths and many faults of the way we run the nation's finances. The cold, unpleasant truth is that our budget process does not work well and often the Congress does little more than satisfy the nascent political pressure that appears each year.

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*We need to reform the process and an excellent place to start would be with the annual nature of congressional action. It would make more sense to move to a two-year budget cycle.*

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We need to reform the process and an excellent place to start would be with the annual nature of congressional action. Each year, the House and Senate spend months wrestling to draft a budget, moving from issue to issue and sifting through priorities; we have to pass 13 individual appropriation bills and each one is subject to intense political and special interest pressure. In an election year, the process is even more difficult because of the pressures arising from 435 re-election campaigns.

I, and many of my colleagues, feel that it would make more sense to move to a two-year budget cycle so that Congress could set long range priorities. Doing the budget every two years would remove many political pressures and allow the Congress to implement long range deficit strategies. It would also free up a great deal of legislative time for Congress to consider many of the other important issues facing our nation.

Another essential reform that could help cut the deficit and reduce unnecessary spending is the line-item veto. This special type of power would allow the president to go through spending bills

and cut out specific lines that wastefully appropriate money. It would also allow the president a stronger hand in negotiating the budget agreements with the Congress.

Forty three of the nation's governors have some type of line-item veto and it worked very well to help the states balance their budgets. We need it on the federal level.

A final reform that could help us reduce the deficit and not raise taxes is enhanced rescission powers. Presently, the president has the right to send a message to Congress rescinding certain items in a spending bill. And while this sounds good, it is basically ineffective because if the Congress doesn't vote on it within 45 days, it essentially disappears. If the Congress chooses to ignore the president's message, the power is meaningless.

A bill was recently introduced to require the Congress, on a trial basis, to vote on one rescission message per appropriations bill, thus putting the nation's legislators on the record for specific spending items. I feel that this provision, if enacted, would go a long way towards a renewed sense of fiscal responsibility in the House and Senate.

Over the next few weeks and possibly months, the administration and congressional leaders will be meeting to hammer out a budget for the United States. In the future, we need to reform the process to the point where we can draft a budget without a crisis that requires such negotiations. ■

## What's Ahead In The *Ripon Forum*:

- ✓ A Surprise Interview
- ✓ The Environment
- ✓ More on The Budget

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*Bill Clinger is a member of Congress from Pennsylvania and chairman of the Ripon Society.*

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**T**he Ripon Society honored Rudolph Giuliani at its 1990 Jacob K. Javits Excellence in Public Service Award Dinner in New York on April 30. Giuliani, the 1989 New York GOP mayoral candidate, is the third recipient of the Javits Public Excellence Award. The former U.S. attorney for Manhattan was selected for his commitment to public service and social progress.

Giuliani's tenure as Manhattan's chief prosecutor was especially characterized by Wall Street corruption trials. His 1989 mayoral candidacy was equally noted for its good-government themes.

The annual New York Ripon dinner was attended by over 100 people. Ripon Chairman Bill Clinger served as master of ceremonies, and Marian Javits, Senator Javits' widow, and Joshua Javits, the longtime progressive Republican leader's son, presented Giuliani with the Society's Javits Award. As Giuliani and others commented on during the evening, Senator Javits' legacy is one of commitment to civil rights and pragmatic government.

### MODERATE REPUBLICAN ELECTION NEWS

**R**ipon Society Congressional Advisory Board member Representative Bill Frenzel (R-MN) announced in March that he will be retiring this year after serving the Minneapolis area in Congress for 20 years. Frenzel, one of Capitol Hill's most respected voices on tax and trade issues, said this about his decision: "You ought to go out when you're hitting .300, rather than deteriorating."

Not surprisingly, the highly-regarded Ways and Means Committee leader drew considerable praise from his colleagues for his political leadership. House Budget Committee Chairman Leon Panetta (D-CA) called Frenzel "one of the giants of this institution." House Minority Leader Robert Michel, also not surprisingly, told *The Washington Post* that he was "devastated" by Frenzel's retirement.

The Ripon Society will also miss Frenzel's presence on Capitol Hill. He was one of the first representatives to join the Society's Congressional Ad-

visory Board upon its inception in 1981. Similarly, Frenzel has been a regular participant in Society conferences and lectures. He will remain involved in Ripon affairs, but an official thank-you is warranted here to salute the Minnesota native for the studiousness and candor with which he approached his profession. His presence on Capitol Hill -- and this is no cliché -- will be sorely missed.

As reported in the *Forum* interview with Linda DiVall (see pages 3-7), three moderate Republican women are seeking Senate seats this year: Lynn Martin in Illinois, Claudine Schneider in Rhode Island and Pat Saiki in Hawaii. Along with moderate Republican Congressman Tom Tauke in Iowa, these candidacies present the GOP with strong opportunities for capturing Senate seats in 1990.

In an unusual circumstance, two Ripon Society members, Richard Zimmer and Rodney Frelinghuysen, ran against each other -- and former New York Giant Phil McConkey -- for New Jersey's 12th Congressional District's GOP nomination. But Zimmer, a state senator, emerged as the victor on June 5. (Who says moderates aren't a strong force? Two in one race!)

In Hawaii, State Representative Michael Liu, charter member of the Hawaii Ripon chapter and the Hawaii House Minority Leader, is running for the congressional district being vacated by Saiki. Also, in Hawaii's Second Congressional District, moderate Republican Andrew Poepoe has announced his candidacy for that seat.

Tennessee *Forum* correspondent Foy McDavid reports that Memphis businessman Carroll C. Turner III is seeking his state's GOP gubernatorial nomination. A major reason for the 32 year-old Turner's campaign is the Republican candidacy of Scott Shepard, a former coordinator for the National Association for the Advancement of White People and an ex-Klu Klux Klan member. "Tennesseans don't want this kind of racist representing them," Turner told *The Chattanooga Times*. "Our political ancestors were tough, progressive-minded people."



Rudolph Giuliani

### RIPON NEWS

**T**he Ripon National Governing Board elected Donald T. Bliss, Jr. president of the Society during its annual meeting on May 5. Bliss, an attorney in Washington, D.C., replaces Mark Uncapher, who served as Society president for three years. Also elected or reelected at this year's annual NGB meeting were: William Clinger, chairman; Nancy Draper and Andrew McLeod, vice-presidents; John Merriman, secretary, and Steven Rolandi, treasurer.

The Society's annual dinner will be held in Washington on Tuesday, July 31. This year's dinner is entitled "The Ripon Forum: Creative Thinking Through The Years" with the focus being "Tomorrow's Thoughts Espoused by Today's Leaders." The setting for the dinner will be a recreation of the old Roman Forum, which was the setting for debate on issues that governed another era.

The Hawaii Ripon Society reports that the May 5 State GOP convention demonstrated more unity than in recent years. Two years ago, Pat Robertson's forces seized the party and alienated many long-time Hawaii GOP members. But today, Masu Dyer and Fay Rawles-Schoch report, the party has agreed to support a more moderate platform.

New York Ripon Society member Florence Rice, a leader of the Freedom Republicans, was recently cited by President Bush for her work on behalf of minority and low-income consumers. The founder of the Harlem Consumer Education Council was praised by Bush during National Consumers Week for her "30 years of service to low-income working people." The New York chapter also recently held a forum on the pros-and-cons of drug legalization. ■

## Washington Notes and Quotes

**We Like That/Watch Out 49ers:** Richard Nixon to John Stacks and Strobe Talbott of *TIME* Magazine on George Bush's politics: "I consider him to be a progressive Republican."

That comment should not be surprising, given the incumbent president's bent on such issues as the environment, education, public service and housing. But don't equate Bush's policies with a return to strict government-oriented solutions. In fact, his administration represents an attempt to engage individuals or local institutions in larger national issues. Consider the president's housing policies, which stress tenant management and ownership of public units. Outside of a city like New York, where housing problems are enormous, this aim could lead to substantial reform. Minority groups in particular could be provided more direct economic power.

President Nixon went on to say of his former Cabinet member: "He is highly intelligent. He is hands-on. He's not a bomb thrower, but because he isn't a bomb thrower, he doesn't have any interceptions....Bush -- I ought to leave it in football terms -- he's the Joe Montana. The short, sure pass. He has a very high percentage."

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**California and Progressive Republicanism:** Former Representative Ed Zschau recently told the California Republican League that "People recognize the failings of both big government and no government. Accordingly, a progressive Republican approach should strike just the right chord."

Zschau, who ran for the U.S. Senate in 1986, told California's leading moderate Republican group: "The philosophy of the CRL -- forward looking and inclusive, based on free market principles, incentives, efficient and effective government, individual freedom and responsibility, sensitivity and compassion for all people -- is the kind of approach needed to meet the challenges California faces now."

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**Constructive Thinking:** The conservative community launched its "War on Poverty" in May when Representative Newt Gingrich sponsored televised workshops in five cities. The conservatives' aim is to tackle issues many in their community previously ignored: education, housing and welfare, among others. Gingrich himself is offering to pay third graders in five poor Georgia communities \$2 for every book they read this summer. The costs of the "Earning for Learning" plan will be covered by the feisty minority whip's speaking fees.

That particular approach, of course, is not sufficient to solve systemic educational and poverty problems. Says fellow conservative Jack Kemp: "Just as the left has to be more willing to question, 'Government knows best,' the right has to rethink its laissez-faire attitude toward government."

Some conservatives are balking at this "bleeding heart conservatism," but Gingrich puts it best in saying: "If we are going to run a commercial with a nine year-old girl in the ghetto saying the Pledge of Allegiance, then we have an obligation to care about the rest of her life."

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**The Hate Crimes Act:** President Bush was carped at in mid-May by columnists Rowland Evans and Robert Novak for inviting representatives from the Human Rights Campaign Fund and other homosexual rights groups to witness the White House signing of the Hate Crimes Act. Indeed, gay rights leaders were incorporated into the signing ceremony, which marked the first time such leaders had been officially invited to a White House function.

But the administration is correct in not excluding from a ceremony leaders whose constituencies are protected by the very act being signed. This Act mandates that law enforcement agencies collect data indicating the number of hate crimes engaged in upon the basis of race, religion, homosexuality and ethnicity.

**AIDS Funding:** The Senate's \$1.2 billion bill to develop improved methods for treating AIDS and to assist metropolitan areas with over 2,000 AIDS cases assume the rising costs of AIDS care represents some progress in the battle against the deadly disease. An AIDS-related bill is also likely to be passed by the House, perhaps by the time this piece is read. (The Senate bill, is known as the Ryan White Comprehensive AIDS Act, in honor of the late Indiana youth who contracted the disease through a blood transfusion.)

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**Republicans and Choice:** The New York Republican Party, in part through the efforts of Tanya Melich and other New York State Republican Family Committee leaders, passed a pro-choice platform plank during its May 29 state convention. The measure overturns the New York party's previous pro-life position, even though the resolution encountered serious opposition. The party's gubernatorial nominee, Pierre Rinfret, endorsed the new pro-choice position, thus reflecting GOP Chairman Lee Atwater's statement last January that the party can be "a big tent" under which diverse views on abortion can be assembled.

From July 27 thru July 29, a Pro-Choice Republican National Leadership seminar will be conducted in Washington D.C. The three-day gathering is being sponsored by the National Republican Coalition for Choice, which is headed by former GOP Co-Chair Mary Dent Crisp. Invited speakers include Senator Bob Packwood and Representatives Susan Molinari and Constance Morella.

The advisory council of another Republican pro-choice group, Pro-Choice America, is now being chaired by former First Lady Betty Ford. The group's aim is to support pro-choice GOP candidates. Conservative activist Ann Stone is also leading a third group -- Republicans for Choice -- which she says reflects "Barry Goldwater conservatism." According to Stone, "I think you can be pro-choice and respect life...This is a clear issue of government interference into our private lives." ■