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Raleigh, NC 27609

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Mr Brian Lamb
C-Span

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Dorgan/Walker Today

Sir -

"If I were a rich man" - I'd try to buy + distribute tapes of your show this morning: Reps. Byron Dorgan + Robert Walker — a "conflict of visions".

The DUD (as in Dumb Ugly Demoralizing) Budget Agreement does have the value of providing a simple look at More Government vs. Less Government.

The blind following the blind ain't as good as Rep. Newt Gingrich, an alternative, rational, constructive leader. May his + Bob Walker's tribe increase -

[redacted]

"If facts are inconvenient, ignore them"
(JoBiden?)

The Rose Garden strategy of 9/30/90 "Budget summit Agreement"

JOHN LOFTON

WOW

Pres Bush the actor - playing out Darman's script

Will the administration be DOA?

Lofton's Law No. 9: Pragmatism doesn't work.

Forget his first budget. Will George Bush's administration be dead on arrival?

Republican Sen. Pete V. Domenici of New Mexico, The Wall Street Journal reports, has suggested that President-elect Bush won't submit his own budget next year, "but rather will negotiate a deal with Congress." The idea behind this pre-emptive surrender strategy — reportedly the brainchild of Richard Darman, the man chosen by the president-elect to head the Office of Management and Budget — "is to save Mr. Bush the political embarrassment that could arise because any budget he would submit almost surely would be declared dead on arrival in Congress."

Well, now. If avoiding political embarrassment is to be the pole star guiding the Bush administration, then Mr. Darman's strategy doesn't go nearly far enough. In fact, there is only one pragmatic way to avoid political embarrassment. And it is this: Mr. Bush, right now, must refuse the oath of office. He must refuse to be sworn in as president.

To be sure, there will be those nattering nabobs of negativism who will say: "Aha, but even this would be politically embarrassing!" And, in a sense, those who would say this are correct, in the short run. But in the long run, if he resigns now and cuts his potential losses, it is much less likely that George Bush will be politically embarrassed than if he took office and served four or eight years.

Think about it, but not too long. Because this probably isn't going to happen.

At the news conference announcing his appointment, Richard Darman has said that he has read Mr. Bush's lips very closely. He says he understands the president-elect's no-new-taxes pledge. But Mr. Darman is not to be believed, even if he swears on the proverbial stack of Bibles.

Richard Darman is a born compromiser, which is to say he is a born loser who is temperamentally unsuited for combat, unless, of course, that combat is fighting tooth-and-nail the desires and campaign promises of the president he works for. And Mr. Darman proved this, in spades, when he worked for President Reagan.

Indeed, Mr. Darman is the quintessential bureaucrat who can teach that the world is flat or round, depending upon what he thinks the situation requires. He is a sell-out artist who excels at running up the white flag before a shot is fired in anger. Says Reagan Chief of Staff Kenneth Duberstein, himself a compulsive compromiser, of Mr. Darman: "Above all, Dick loves the process, the machinations."

And Mr. Darman himself has said: "The trick is to arrange a context in which several competing politicians can step forward together to simultaneously share what credit and blame there is for something that's going to at least be ambiguous."

Likening political compromise to a game of pinball, Mr. Darman has said: "You put a ball in play with a ballistic shot and now your world is filled with all kinds of bumpers and random possibilities. But the important thing is, the flippers are in your control. It's bump and flip, bump and flip, a convoluted approach to the goal."

But this analogy, coming from Richard Darman, is a poor one.

The idea in pinball is to *score points, to win.*

And when a compromiser like Mr. Darman is in control of the flippers, there is a pinball term for what happens. And it is "tilt." You lose. The game is over.

But Mr. Darman is slick, a little too slick, even according to those who admire him. In a profile in the February 1985 Life magazine, it was reported that the word "Darmanesque" was "a term devised by former Senate Majority Leader Howard Baker to denote any maneuver too clever by half."

And former White House aide and ex-chairman of the National Endowment for the Arts Frank Hodsoll has said of Mr. Darman: "An example of the Dick Darman technique is sort of: 'You may well be right, but let me just suggest a few technical details.' And they'll change the whole course of events on a particular issue."

Hmmmmmm. Sounds a little like Mr. Darman's suggestion that President-elect Bush not submit a budget, that instead he cut a deal with Congress, doesn't it? You bet it does.

I remember well one day during the first Reagan term, when things weren't going well. Coming out of the Old Executive Office Building, I ran into veteran GOP political strategist F. Clifton White, who had just met with the president. Shaking his head glumly, Mr. White told me that the problem with the administration was that it employed "too few revolutionaries, too many mercenaries."

Exactly. And Richard Darman is one of those mercenaries. He's a time-server, a document-stamper who, alas, is also now, thanks to Mr. Bush, a key policy-maker.

A story in the March 12, 1984, issue of Time magazine quotes even a sympathetic co-worker of his as saying of Mr. Darman: "Dick would feel comfortable working in a Democratic administration." Friends, it is said, "label him a government junkie." And Mr. Darman himself basically concedes this point. He is quoted as saying: "Basically, I am committed to public service."

In 1981, when I questioned his political credentials (he had never been a Reaganite, but rather an associate of liberal Republicans) after he had been named to a high White House job, Mr. Darman said, candidly: "Yes, from that standpoint I am sympathetic with people who've actively devoted their lives to a candidate. I can see where they might wonder why some joker on the sidelines suddenly has anything to do with things."

Well, Mr. Darman is no longer on the sidelines. Credit must be given where it is due. He is a key player in the Bush administration and will undoubtedly be an important policy maker, both within the new administration's inner circle and via leaks to the press.

But a mercenary, "government junkie" who is committed primarily to compromise, consensus and "public service," is not the kind of person who will help solve the serious problems our country faces.

Alas, Richard Darman is only more of the hair of the dog that is biting us.

Richard Darman

John Lofton is a columnist for The Washington Times.

*Mr Lamb -
Warren (Mighty Army) Brookes has an old book (Ec in Mind) that reads like new. How about Brookes on ~~Book Notes~~

Can Gingrich Save Bush From Carterism?

Richmond Times-Dispatch 8/23/90

By Warren T. Brookes

LAST WEEK, in the midst of a foreign policy tour de force, President Bush unaccountably assaulted congressional Democrats over the collapse of the now largely irrelevant budget summit.

This may not have arrested the attention of Bush's Democratic targets, but it might unintentionally have aroused an ally to re-examine the president's whole economic policy position.

House Minority Whip Newt Gingrich, R-Ga., has been such a good soldier, even while the Bush domestic policy was coming unglued, many worried those Tuesday Oval Office luncheons were getting to him.

But last Friday night Gingrich called us from a plane out of Atlanta to say he was thinking about using a talk to Heritage Foundation yesterday to ask Bush to change course from what he now believes has been a "slippery slope to Carterism."

"Refresh my memory," he said, "but during the Carter policy years [fiscal years 1977-1981], didn't we pursue a combination of tight fiscal policy, namely rising taxes, and very loose monetary policy? Wasn't that the Carter economic policy?"

Yes, we said. That is exactly the policy laid out for him by Wharton economist Lawrence Klein during the 1976 campaign.

"And wasn't the result of that policy runaway inflation and falling productivity growth?" Gingrich asked.

Yes, indeed. Inflation soared from 4.6 percent in 1976 to over 13 percent in 1979, and from 1977 through 1981 we had the worst four years of manufacturing productivity growth in postwar history, with unit labor costs jumping over 8 percent a year and manufacturing productivity rising less than 1 percent. And real disposable income growth plunged to 1.2 percent per year.

"And since 1981, hasn't our policy been exactly the opposite of that — with tight monetary policy to fight inflation and tax cuts to boost supply?" Gingrich asked himself out loud.

Exactly so. The combination of Reagan tax cuts and, ironically, Carter deregulation in transportation plus Reagan deregulation of oil prices helped to offset otherwise stringent monetary policy coming from the Federal Reserve.

"And wasn't the result of that a rapid decline in inflation and a rapid recovery in incomes and manufacturing productivity and output? And a long job-filled expansion?"

Yes. Not only did average inflation fall from 10 percent to 4 percent, but real per-capita income growth nearly doubled, while gross national product growth improved nearly 30 percent. The Labor Department's recent release shows that after a disastrous collapse in U.S. competitiveness from 1977 through 1981, the U.S. manufacturing sector from 1981 to 1989 put on its best performance in U.S. postwar history, rising 3.8 percent per year, while unit labor costs rose only 0.7 percent each year.

'The Bull Moose may be prowling the shores of the Persian Gulf, but killer rabbits are back at the Treasury and Office of Management and Budget.'

"And doesn't this explain why exports may now be saving the U.S. economy from even worse damage?" Gingrich asked.

Yes. The most recent release shows that U.S. exports are still rising a husky 8 percent a year while imports are rising less than 3 percent. This means the trade deficit will come down another $20 billion to $30 billion this year.

"So why are we now abandoning this strategy?" mused Gingrich. "Why are we suddenly trying to get the Democrats to agree to higher taxes and asking Fed Chairman Alan Greenspan to match those higher taxes with easier money? Isn't this a recipe for a replay of Jimmy Carter?"

Indeed it is. While George Bush has been looking like his idol Teddy Roosevelt in the Middle East and Panama, he has been looking more like the man from Plains on domestic policy.

What's worse, since Manuel Johnson effectively left the Federal Reserve Board last month, Greenspan has been telling Congress that he will match a deficit reduction deal with cheaper money. Meanwhile, Treasury Secretary Nicholas Brady hinted at the appointment of a Keynesian to the Fed and floated a stock-transfer tax, while his aides helped scuttle capital-gains tax-cut activity in the Senate.

So far the market reaction has been all bad. Even before the Iraqi invasion, the dollar was falling out of bed, while long-bond rates were edging up, not down. Nearly all of the hard-won commodity deflation over the prior year began to evaporate as metals prices jumped on all fronts.

Above all, an economy that had been giving out mixed signals in May and June, before the budget summit telegraphed higher taxes ahead, was now suddenly flat on its back, with investors sitting on their hands, waiting for the hatchet to fall.

After nine years of modest relief from "taxflation" and regulation, Washington is once again putting its heavy hand on the economic brakes. The Bull Moose may be prowling the shores of the Persian Gulf, but killer rabbits are back at the Treasury and Office of Management and Budget.

Let's hope Newt Gingrich has turned a plane ride from Atlanta to Chattanooga into a trip to Damascus.

The Tale of Two Policies

	Carterism 1977-1981 Percent	Reaganomics 1981-1989 Percent
POLICY		
Change in Federal Tax Burden	9.2	(4.5)
M2 Money Growth (average per year)	8.7	7.6
PERFORMANCE (average per year)		
Real GNP	2.4	3.1
Real Disposable Income Per Capita	1.2	2.3
Inflation Rate		
GNP Deflator	8.7	3.7
Consumer Price Index	10.7	4.0
Manufacturing Productivity	0.7	3.8
Manufacturing Unit Labor Costs	8.8	0.7
Manufacturing Output	2.5	3.7

Sources: Bureau of Labor Statistics, Federal Reserve Board, Bureau of Economic Analysis

Richmond Disp. 7/6/90

Richmond Times Dispatch 7/6/90

Is Darman's 'Grand Design' a Trap?

By Warren T. Brookes

IN THE SNOWS of New Hampshire, George Bush rescued his dying dream for the presidency by accusing Sen. Bob Dole, R-Kan., of having a "secret tax plan" called the National Economic Commission.

That bipartisan "deficit reduction" commission, the brainchild of New York Gov. Mario Cuomo, a Democrat, had found its way into the fiscal year 1988 budget summit agreement courtesy of Sens. Dole and Daniel Patrick Moynihan, D-N.Y. That followed the stock market crash of 1987 which was falsely blamed on the budget deficit.

Incidentally, during that summit, President Reagan also agreed to $29 billion in new tax revenues over the next two fiscal years (fiscal year 1988 and fiscal year 1989), in return (supposedly) for some $76 billion in lower deficits. Instead, the 1988 deficit was $11 billion higher than agreed, and the 1989 deficit was $16 billion higher.

But, as the Tax Foundation wisely points out, that has *always* been the pattern of budget summits. We have had six such summits out of the last eight budget years (fiscal year 1983 through fiscal year 1990), and in five of those six summit-produced budgets (all of which included higher taxes) the deficit *rose*. (See Table)

The Sad Record of Budget Summits

(Billions of Dollars)

	Deficit Prior Year	New Taxes Agreed to	Deficit Agrmnt.	Deficit Actual	Change in Deficit
FY1983	$127.9	$36.0	$107.1	$207.8	$79.9
FY1985	185.3	9.3	176.0	212.3	27.0
FY1986	212.3	16.0	180.0	221.2	8.9
FY1988	149.7	13.4	144.0	155.1	5.4
FY1989	155.1	16.0	136.0	152.0	(3.1) ✓
FY1990	152.0	11.0	123.8	188.0*	36.0
Average Deficit Change of Summit Budgets					26.7
Non-Summit Budgets					
FY1984	207.8			185.3	(22.5)
FY1987	221.2			149.7	(71.5)

Source: OMB CBO Budget Documents.

Conversely, in the only two budget years where there was no summit and no new taxes (fiscal year 1984 and fiscal year 1987), the deficit *plunged* by $22.5 billion and $71.5 billion respectively.

So candidate George Bush had it exactly right. Yet last week President Bush capitulated to almost exactly the same Dole-ful NEC scenario, so much so, ABC invited its two architects, Moynihan and Dole, to trade smirks on the David Brinkley show.

Coupled with the tortured ineptitude of President Bush's press conference last Friday, this suggests a man caught by surprise in a trap not of his own making rather than a leader wisely and courageously changing his mind.

It implied a politician either caving in to his enemies or being skillfully mugged by his own budget director. What lends credence to the latter view — now widely held among conservatives — is that the president's fateful statement was drafted during the meeting by Office of Management and Budget Director Richard Darman.

There is no secret to the fact that Darman cherished the idea of the ultimate deficit reduction deal — the "grand design" that would wipe the really big stain off the Reagan fiscal legacy.

The more conspiracy-minded on the right have it going as follows: Darman knew there was no way such a "mega-deal" could ever be arranged with the Democrats without breaking Bush's campaign pledge. Conversely, he knew that pledge would not be given up easily by the president.

He therefore had to get the president into a situation in which he had no choice but to make the deal that Darman wanted — a deal which would trade enough new taxes to get the Democrats to give up enough on the domestic spending and "budget reform" issues, plus a capital gains cut to make it worthwhile.

It is widely believed that Darman's campaign for this began with the proposal floated by House Ways and Means Chairman Dan Rostenkowski, D-Ill., last March 11 in The Washington Post. That proposal called for an average of slightly over $39 billion a year in new taxes or $196 billion over five years, in return for some $316 billion in spending reductions or restraints.

The Rostenkowski proposal traded the elimination of the "tax bubble" and the freezing of all tax indexation plus $20 billion a year in gasoline and energy taxes in return for freezing all cost of living adjustments on entitlement programs, cutting defense 3 per-

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The Rostenkowski proposal traded the elimination of the "tax bubble" and the freezing of all tax indexation plus $20 billion a year in gasoline and energy taxes in return for freezing all cost of living adjustments on entitlement programs, cutting defense 3 percent per year, and freezing discretionary domestic spending.

Not only does that package closely resemble the one considered by the NEC in early 1989 but it contains all of the elements to which Bush agreed in last Tuesday's statement, except "budget reform" and "growth incentives."

When Rosty's plan was launched it was given cautious support both by Bush and Darman even as it was cold-shouldered by the Democratic leadership. This suggests the beginning of a Darman strategy to set the "grand design" in motion.

Then on May 1 in a speech at Harvard, Darman argued that the deficit should be confronted head-on by real political risk takers. A week later, on May 8, Bush announced he would open a "no preconditions" budget summit on May 15, orchestrated by Darman's warning that the fiscal year 1990 and fiscal year 1991 budget deficits were soaring into dangerous territory.

From that moment Bush was trapped. All the Democrats had to do was threaten a summit impasse with its implications of rising interest rates and a falling economy (in an election year), and Bush had no choice but to abandon his no-tax pledge.

Now his only hope (and ours) lies in Darman's self-confident ability to negotiate something never achieved — a deficit reduction package that works and does not become another Dole-ful trap of higher taxes, higher deficits and slower growth.

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