

Compromise First, Then Crush Them

Bush will need accomplishments in his first two years. Then he can get aggressive. **BY MIKE MURPHY**

GEORGE W. BUSH has gotten off to a strong start, with a formidable cabinet and a firm idea of what he wants to do as president. But conservatives thirsty for change must remember that to use political power, we must maintain that power. Idealists on the right need to be hard-headed and realistic.

The inconvenient truth is that while President-elect Bush won the election, Republicans lost the campaign. We got fewer votes, lost Senate incumbents, and failed to carry important swing states. The Democrats know this, and like sleeping crocodiles they lie in wait for the 2002 elections. Whether Republicans enjoy a decade of conservative power—or a heady but brief two years of presidential rule with a congressional majority—will depend on how well the Bush administration navigates the next year.

The new president needs a two-year plan, followed by a six-year plan. The first two years he should build popularity and political power by piling up victories and “getting things done.” The following six years he should exploit that power.

Bush successes and accomplishments are thus the order of the day. That means compromise, a word we conservatives despise because we too often confuse it with appeasement. Bush should never appease, but he should remember the lesson of Bill Clinton: A president will always get credit for anything that gets done in Washington. Who got credit for balancing the budget, reforming welfare,

Mike Murphy has helped to run 20 successful Senate and gubernatorial campaigns.

and expanding the economy? Not the Republican Congress.

Bush should savor the irony and steal this handy trick from our outgoing political thief-in-chief by making sure a few things go right in Washington. He can then amass great credit and apply the power that popularity will bring to hold Congress, win reelection, gain more power, and dictate policies more to his liking.

The looming iceberg is the 2002 midterm elections. They are fraught with peril: a close House, vital governorships, and the Senate are all up for grabs. The census, if counted honestly and not “improved” by Democratic sample-cooking, will yield a fair redistricting which will be helpful to the GOP, but not enough. Republicans will need a popular president to win. Four early and big Bush victories will get us there.

First, a muscular tax cut sold as a method to keep the economy from falling into recession. Tax cuts are most popular when people feel economic pressure. Voters know tax cuts create growth and jobs. The Bush administration is sounding a perfect note on this. A tax cut for the sake of the economy is a winner. The Democrats have been reduced to hapless bickering over the size of the Bush tax cut. This gives Bush a wonderful opportunity to outwit them. He should propose a smaller “compromise” tax cut, with a strongly accelerated implementation. Say \$900 billion, instead of \$1.3 trillion, but put in place more quickly. Bush should take credit for compromising and bank the political win from his victorious tax cut.

Then he should brutally bid up the

ante next year, by proposing a *second* major tax cut, before the midterm elections. The administration could ride the success of the first tax cut and sell a further tax cut as more good medicine for the economy. In the end, the president-elect can deliver a bigger total tax cut while riding his popular signature issue into the 2002 elections.

George W. Bush’s second great issue is education reform, the issue he speaks most fervently about. Since our federal system allows a president little power to do much about elementary and secondary education, Bush’s best weapon is the bully pulpit. Summits, visits to America’s best and worst public schools, and a partnership with reformist governors are the best way to build up support for serious education reform. An education crusade led by the obviously sincere Bush is another political winner.

Third, Bush should demand, and then sign, a ban on partial-birth abortions—the pro-life issue with a national super-majority of public support behind it. The Democrats will lurch left in opposition to appease their yelping interest groups, a useful mistake for the GOP to exploit in 2002.

The fourth victory? Campaign finance reform. Bush should embrace a revised version of McCain-Feingold-Cochran, and call the Democrats’ cynical bluff. The usefulness of a big early victory for a new president cannot be overestimated, and the alternative of an unpopular fight with a McCain/Democratic coalition will be a tragic and unnecessary waste of political capital.

The Republican political establishment argues that the GOP should take all the soft money it can hustle because those funds are needed for Republicans to win. The hard news on Election Day this year should be enough to bury that argument once and for all. The GOP had a towering pile of soft money, enough to fuel vast bonfires. Millionaire wallets were pried open from coast to coast; shareholder money was looted from one end of K Street to the other. And

Republicans still got beat across the board because the Democrats had oodles of soft money too. Piles of it from every ambulance chaser, tobacco privateer, union boss, Hollywood skunk, and double-dealing corporate welfare seeker they could shake down. There was no Republican advantage, either in dollars or in moral high ground. Millions in soft money did nothing for us.

Bush should cut a doable deal with McCain. End all unlimited or "soft" money, raise the hard money individual contribution limit to \$3,500 and link it to inflation. Republicans can out-raise the Democrats in hard money and regain the overrated money advantage our party leaders claim we need. Lenin told his revolutionary henchmen that capitalism would sell them the rope with which to hang it. Republicans should go to Daschle and Gephardt, gleefully buy some rope, and find a tall branch.

President-elect Bush has expressed concern about compulsory union dues, and he is right. But it shouldn't be a deal-breaker on campaign reform. A large part of the solution is in fact within his power: The Bush Labor Department can make Harry Beck's dream come true and finally enforce the Supreme Court's ruling against taking union members' paycheck money for politics without permission. Given a choice of what to do with their money, the union rank and file will speedily unplug their paychecks from the Democratic money machine.

These four achievable victories will position Republicans for 2002. The six years after that will be the delicious part. We know what we want to do: more tax cuts; a sinewy defense with a hard eye toward Communist China; a common-sense smackdown for the environmental extremists; tort reform; and at long last a bona fide effort to wrench big government out of the rotten business of subsidizing moral relativism and the cultural poison of identity politics. A popular president on a successful roll after the 2002 midterms can deliver on these policies.

To get there, Republicans will need focus, discipline, and, yes, crafty compromise. The decade of political power and success we have long waited for is within our grasp. But if Republicans try to force too many things too

quickly, without building up the reservoir of popularity our new president will need, our shiny new political supremacy will expire in 20 short months, and we will be once again a minority party. ♦

Make the Tax Cut Bigger

And do it faster.

BY ARTHUR LAFFER & STEPHEN MOORE

THIS TIME LAST YEAR many conservatives wondered aloud whether George W. Bush was genuinely committed to his own tax cut proposal. Now it seems that Bush is the only supply-side tax cutter left in town. He has been heroically unwavering in support of the \$1.3 trillion tax cut, but the media, many mainstream economists, and congressional leaders in both parties are urging a go-slow approach. Speaker of the House Denny Hastert has suggested to Bush that he divide his tax cut up into small digestible pieces, a compromise that could undermine the chances of the crucial income tax rate cut. Bob Dole has advised that Bush's tax cut be put "on hold." Meanwhile, on *Face the Nation*, Senate minority leader Tom Daschle moaned: "I can't think of anything that would divide the nation more than pushing that tax cut at that size."

Bush has smartly countered that the slowdown of the economy, the bearish stock market, and the specter of a looming recession only strengthened the case for tax rate cuts. Ironically, six months ago the Clinton Treasury department and other Bush opponents were arguing that a Bush tax

cut was inadvisable because it could cause the roaring economy to "overheat." Of course, that worry's now the least of our problems, but the tax cut foes are as opposed as ever to the Bush proposal. The latest mantra against tax cuts is that they are ineffective at stimulating the economy. The *Washington Post*, for example, recently editorialized that "the best tool for managing the economic cycle is usually not fiscal policy, but interest rates, which the Fed can change at its annual meeting."

Yikes! This advice is so wrong-headed that it needs to be thoroughly expunged before it begins to steer the economy further off track. So let us try to explain why Bush is right on taxes, and his critics aren't.

First, we should all agree that the U.S. economy does need some anti-recession insurance right now. Just since the election, roughly \$1 trillion of wealth has disappeared through sliding stock values. The Gross Domestic Product growth rate was a robust 5 percent in 1999; now it's an underwhelming 2 percent. Retailers felt the pinch during the Christmas shopping season; it's going to get worse in the first half of 2001. And if the economy does hit a recession, low-income and working-class Americans will be the ones hurt most, not the rich people whom tax cuts supposedly benefit.

Arthur Laffer is president of Laffer Associates in San Diego, California, and Stephen Moore is a senior fellow at the Cato Institute in Washington, D.C.