The Republican Revolution at 10:
*Lasting Legacy or Faded Vision?**
A Congress Project Roundtable Discussion
Woodrow Wilson International Center for Scholars
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Mr. Wolfensberger: Good afternoon and welcome to the Woodrow Wilson International Center for Scholars. My name is Don Wolfensberger, director of the Congress Project here and your moderator today. Our program as you know is entitled "The Republican Revolution at 10" and the subtitle poses the question "Lasting Legacy or Faded Vision?" In the interest of full disclosure I should point out that in the four years prior to the Republican takeover I was the Republican staff director of the House Rules Committee and then for the first two years of the Republican-control I was the chief of staff of the House Rules Committee so I have some knowledge and experience with today's topic but I will try and remain your moderator.

It was ten years ago, precisely January 4, 1995 that the 104th Congress convened under new management. For the first time in forty years both houses of Congress were controlled by Republican majority. If revolution by definition is a sudden radical or complete change or the complete overthrow of the established government and the substitution of another by the governed then the electoral upheaval against the Congress in 1994 certainly qualifies as a political revolution against that branch of government. The American voters effectively overthrew the long-standing Democratic Party regime in Congress and installed in its place a controlling Republican majority. In the House Republicans picked up 52 seats, giving them a 230 to 205 margin of control.

In the process they managed to defeat 34 incumbent Democrats including House Speaker Tom Foley and two committee chairmen. In the meantime not one sitting Republican was defeated in that election in the House. In the Senate Republicans picked up 8 seats giving them a 52-48 member edge.

The House though is probably considered the more revolutionary of the two chambers that turned over in that historic election under the leadership of Newt Gingrich and Dick Armey soon to be Speaker and Majority Leader of the House. The Republicans even published their own revolutionary manifesto called *The Contract with America*. We've made copies of that available to you on the front table along with our other handout material. The *Contract* as you may recall was signed on the Capitol steps on September 27th of 1994 by 364 House Republican members and candidates, Republican candidates for the House. It not only spelled out the Republican criticism of the ruling Democratic Party but also Republican principles and laid out a legislative agenda that the Republicans promised to bring to a vote in the House during the first 100 days of control if they won the elections in 1994. It included such poll tested favorites as a balanced budget, constitutional amendment, a legislative line item veto for the president, term limits for House and Senate members, anti-crime and pro-defense measures, welfare reform, tax cuts and more.

Moreover, *The Contract* promised to reform the House on the opening day of the new Congress by adopting such measures as reducing the number of committees and cutting committee staff by one-third, abolishing proxy voting, placing term limits on committee chairmen, conducting the first independent audit of House finances and opening most committee meetings to the public and finally requiring a three-fifths vote on income tax increases.
[***Note:** This is an uncorrected transcript and may contain errors.]

In short the Republicans were promising not only to change the nation's policy agenda but to change the way that Congress does business. As Newt Gingrich told an outside group on November 11, 1994 in a speech "This degenerates after an historic election into the usual baloney of politics in Washington and pettiness in Washington then the American people I believe will move towards a third party in a massive way." And he went on, "I think they are fed up with the city, they are fed up with the games and they're fed up with petty partisanship." Well, to Gingrich's credit no third party has since emerged and so I think to that extent you can consider the revolution a success.

Another measure of success is the fact that in five successive elections Republicans retained control of the House of Representatives, the first time that has been done since the 1920s. On the other hand, many Washington observers would argue that there is still the same baloney of politics, the same games, the same petty partisanship as it was before the takeover. The Capitol may have changed players, priorities, preferences and allied interest groups they argue but the game is the same. The rules are basically the same. If anything, there's just a lot more unnecessary roughness.

To help us answer the question of whether there is any lasting legacy of the Republican revolution or whether it is a simply faded rose of days gone by we have for your listening and viewing pleasure today some of the best experts on what happened back in '95 and also what has happened since, both as direct players and people who have observed, written and studied Congress in the interim. We'll first hear from the architect of the revolution of *The Contract with America*, Newt Gingrich, who was elected House Speaker on the heels of that historic election in 1994 and served for two terms in that post. Today Newt is chairman of the Gingrich Group as well as a fellow at the American Enterprise Institute and the Hoover Institution at Stanford. He is author of the just released book *Winning the Future: A Twenty-first Century Contract with America.* Newt was first elected to the House in 1978 and by 1989 he had risen to the position of Republican Whip when Dick Cheney left the House to become the Secretary of Defense under George H.W. Bush.

Our second speaker today will be Vic Fazio who currently is the co-managing partner of Clark and Weinstock here in Washington. Like Newt he was first elected to the House in 1978, was soon a member of the powerful Appropriations Committee and even one of its subcommittee chairmen called, up there they call them the "cardinals." So he was a "cardinal" I think either the first or second term that he joined that committee. He took one of several leadership posts over the course of his career on the Hill starting as Democratic campaign chairman, then from 1989 to 1994 he was the chairman or vice chairman—I'm sorry before that he was a vice chairman of the Democratic Caucus and then from 1995 till his retirement he was chairman of the Democratic Caucus in the House. He's known as an institutionalist, having co-chaired for instance the Leadership Task Force on Ethics in 1989 which I was privileged to serve on as a minority staff member. He was also the chairman of the Legislative Branch Subcommittee and referred to at the time as sort of the mayor of Capitol Hill because of their control of the purse strings over Capitol Hill. We won't ask him today of his views of the cost overruns of what we call the big dig up there, the Visitors Center, but that is coming along if not on schedule. He cut his eye teeth in California first of all as a journalist, co-founding the *California Journal* which I assume is sort of a combination of *Congressional Quarterly* here and *National Journal*. Then he became an aide to the governor and then a state legislator in his own right.

Our third speaker will be Sarah Binder who is an associate professor of political science at George Washington University. She's also a senior fellow in government studies at the Brookings Institution. Sarah is author of the book *Minority Rights, Majority Rule: Partisanship and the Development of Congress* and I think this may have an extension of her Ph.D. dissertation but it's an excellent study. It tells about the attitude of both the minorities in Congress, the majorities towards change, congressional reform and so on. I just would highly recommend that book. Sarah has also published a book I think in 2003, more recently on *Stalemate Causes and Consequences of Legislative Gridlock.*

Finally we'll hear from Janet Hook who is the congressional correspondent for the *Los Angeles Times.* Janet got her start in journalism as an assistant editor with *The Public Interest* and then with the *Chronicle of Higher Education.* From 1983 to 1995 she was a senior staff writer for the prestigious *Congressional Quarterly* during which time she won the Everett Dirksen Award for the best reporting on Congress in 1992. She's also won the 2002 award from the American Political Science Association for political reporting.

When each of our panelists has finished making their presentations what we'll do is mix it up among the panel a little bit and then we will open it up to our audience for questions. You are all welcomed to a reception that will take place immediately outside the auditorium following today's roundtable. So with that I'll turn things over to Newt Gingrich.

Newt Gingrich (R-Ga.), Former House Speaker: Thank you Don. I think the timing of this discussion could hardly be better. I noticed that I think the *New Republic* described Democrats looking for Newt Gingrich and a *Contract with America* and then I think *The Economist* magazine had a column by Lexington talking about how the Democrats need to do all this. I think it's useful to go back and look at what is this thing we're looking at and how do you contextualize it and what actually happened. It's kind of mildly ironic. Let me just say that any of you who are true afficionados, the kind of person who turns off television so you can read really obscure documents. The Ethics Committee actually printed over a thousand pages of our planning documents so they are public property. And so what I'm going to tell you is stuff you can actually go back and look because it really irritated some of our opponents at the time because in fact we laid out what we were going to do. We did what we laid out and it turned out to work.

I want to start with that as a background to what we're going to talk about because I think behind any large complex activity you ultimately have to have a theory of what you're doing, not a theory in some abstract sense but a theory in the sense that a chef has a theory of a souffle or that a bridge builder has a theory of bridges or an airplane builder has a theory of airplanes. And we started out with a couple of theoretical propositions. One was founded, it is to be found best stated in a novel by [?Gene Burdick?] called *The Nineth Wave* which is a terrific study of Samuel Yority's politics in California in the mid-1950s. And [?Burdick?] essentially tries to draw the parallel between surfing and politics in the age of television and argues that you get a wave effect and that successful political leaders ride waves and in a sense I would argue that is almost exactly the pattern you see now for some forty years.

If you want to see the pattern writ large I would recommend strongly *The Right Nation* by two Englismen, [?Woldrige and Mickleplate?] who are writers for *The Economist* magazine. *The*

Right Nation is their effort, which came out in mid summer, to explain to Europeans the emerging nature of American politics and the shorthand is pretty simple. We are recovering from the cultural revolution and the counter culture and the civil rights movement and the anti-Vietnam War movement and the memory of the Depression. And as those things all fade we are drifting back towards being a center right country. As they put it, Clinton survived by governing as an Eisenhower Republican and in their judgment it was not that decisive whether Kerry won or lost because he would either govern as an Eisenhower Republican or he would shatter his party. It's very interesting book by outsiders and it's useful to read to give you a flavor of what our assumptions were because our assumptions were very similar to that.

This was a long cycle. I first started studying Ronald Reagan in October of 1964 when he made his national speech during the Goldwater campaign. As a graduate student I studied him carefully when he ran for governor. When I ran for Congress the first time I actually had the opportunity to spend an hour with him talking about his speech style and his famous index cards and how he thought about a speech and what he was trying to accomplish. And I don't think you can understand the rise of the modern Republican Party unless you go back to Reagan and this very unique intersection between an FDR Democrat, a dislike of high taxes, a passionate anti-communism and an entire career embedded in television, radio and movies. And so Reagan happened to personify a set of skills that other people could learn and much of what happened after the 1970s is a function of Jack Kemp's enormously passionate impulse to make the Republican Party a party of optimism and a party of ideas and a party of tax cutting for the purpose of economic growth. And then Ronald Reagan's extraordinary ability to articulate the values of the American people.

We assumed that there would be cycles. If you had asked me at the time I would have said we had three to five years from the time we won in November of '94 and I think we got basically about three years of real change culminating in the Balance Budget Act of 1997.

We had some significant changes of which probably the most structural were welfare reform, the Thomas System to open up the House process so anybody in the world can access information without having to go through a lobbyist or a trade association and capping committee chairmen.

The underlying system wasn't changed. I think it's important to recognize as a realist that the constitutional structure of disbursed power has enormous longevity and is likely to continue to be so for a very long time. And that the House and Senate have remarkably different objective requirements. The House ultimately requires fairly strong leadership and there's a reason why and for all practical purposes from the rise of Thomas Reid in the 1880s to the present almost all the really effective periods of House activity had strong speakerships. And there I would commend to you Dick and Lynne Cheney's marvelous book *Kings of the Hill* which is the best short introduction to that kind of leadership.

The other part of it is that there are two parallel cycles that may or may not intercept. One is cycles of political change. When does a country get fed up enough to sort of lunge forward and coerce the city to change. The other is a cycle of ideas. They don't necessarily connect. You can have political change in terms of who has power without having idea change. What made '94 different was you had both of them happening simultaneously and the reason that could happen is that we stood on Ronald Reagan's shoulders. So for example Reagan first proposed welfare reform in

September of 1970. It was a marginally winning argument until the publication of *Losing Ground* in I think 1983 or 1984 which really began to change the whole debate because *Losing Ground* makes the argument that keeping people in dependency and passivity actually destroys the person you're trying to help. That was compounded by Marvin [?Elasky's?] remarkable book *The Tragedy of American Compassion*. And so we were both politically ripe and intellectually ripe for welfare reform by the '95-'96 cycle.

So I start with the notion that I look for two kind of waves. When does the country want to move and how can you to some extent facilitate that wave but in many ways it's really a wave that is historic and not political and politicians ride it and I think in that sense [?Burdick's?] analogy is a pretty good one.

And the second is can you nurture an idea wave so that when you acquire power you can actually do something with it and it's the combination of the two that is peculiarly difficult and complex.

Just one or two other points I want to make as a general introduction and then I think it would be a lot more fun having a dialogue. It's really important to understand that had the Democrats in the House and Senate listened to Clinton in the campaign of '92 there's a fair chance they would have remained in power because Clinton in the campaign campaigned as a center right politician. At least mythically it's the dinner they have in Little Rock where the Democratic leadership convinces him not to make Jimmy Carter's mistake and try to govern against the Democratic Congress. And so he comes in with tax increases and then he has a whole series of proposals which are way out of proportion with getting 43 or 44 percent of the vote. Had he come in and governed the way he governed after '95 he in fact probably would have preempted us from getting to be a majority. But coming in and governing on the left was kind of the last straw. And I say this for two reasons, one is it's technically true, the other is it's one of the greatest challenges the Democrats have today in trying to study us because most of what we did was simply move to a center right majority which resonated to what we were talking about. And in particular it was the collapse of the Democratic Party in rural and small town America which is the biggest single indicator of the '94 election.

If you go back and look. Where were the really big gains? They were all in places that were rural and small town. And it was partly a values election and there I would suggest to you Zell Miller's autobiography. It's actually very very apt as an introduction to why you have now a Republican majority.

Two other large things. We handed out today our core document on vision, strategies, projects and tasks and our leadership model of "Listen, Learn, Help and Lead." If you've never done it it is amazing how hard it is to get 350 plus congressional candidates to agree to a contract. Remember this is not a platform. A platform says we believe in this which means with the day after you're elected you say "and I still believe in it but not this year." This was very consciously designed as a management tool. This was a contract. It said if you elect us we will vote on the following in the first 100 days and we actually had written the legislation. So we had done every single thing a good consultant would tell you not to do. We were absolutely leading with our chin. But we had one ace in our pocket and that was every issue was 70% or better with the American people. So we were

quite cheerful about debating the issues. We went through a six month training program. Everyone of our candidates understood the issues. We got all but three of the incumbents to sign *The Contract*.

And this was not a new thing. If you go back and read David Broder in I believe October of 1980 or September of 1980 the first Capitol steps of that is actually—because I helped organize it when I'm a freshman in 1980 with Reagan and Bush and I believe that it actually was the margin by which we won the Senate in 1980.

The second time we did it was 1994. But by 1994 we had had fourteen years of practice. We knew much more about how to train the candidates, how to train the press secretaries, how to orchestrate the issue development. And if you look at the actual contract it is a remarkable document because it's totally positive. It violates every rule of challenge or politics as consultants teach it. It was a totally positive document because we thought the Perot voters had to see something positive or they wouldn't turn out to vote. That was the core of our gamble, that we had to be positive so the Perot voters would vote because the Perot voters hated negative politics. And if we had run a negative campaign in my judgment we would have gained 30 seats but not gained control of the House.

So that's a sweeping background and I appreciate the chance to be here and I look forward to the conversation.

Mr. Wolfensberger: Very good. Mr. Fazio

Vic Fazio (D-Calif.), Former Democratic Caucus Chairman: Don, thank you very much for including me. I particularly appreciated your mentioning your staff work for our bipartisan ethics panel in '89. I think Newt was a member of that as well. And it was perhaps one of the last truly bipartisan things Congress did and I think it stands the test in time even today.

I'm very pleased to be here to discuss *The Contract* for purposes of discussion. I won't use "on America" which was so typical of my colleagues on the Democratic side. *The Contract With America* and to be with Newt Gingrich who is clearly one of the great political field commanders in modern American politics. You just heard him describe the training that his folks went through, the effort that they made to bring people behind this unifying document that was designed to nationalize the election. And it worked. There's no question that very few people in America knew what *The Contract* was all about. And I don't think it was that important frankly that they did. What it did provide was Republicans running for office with common themes that allowed them to nationalize that election. And it also provided not the new leader of the Republicans but the Speaker of the House with a document upon which they could begin to do their work.

It was in the context of the election that Karl Rove has just helped create, a prime example, maybe one of the first examples of base building. It was really to energize the Republican base and I think it had a tremendous amount of success in that regard.

It also caught the attention of the press. I think the press, while its always been typified as part of the left as the Speaker would say, truly believed I think that the forty years of the House Democratic majority had probably gone on too long and there was almost I think an empathy with

the desire to bring about change. That was frankly good news copy. It was something they enjoy writing about and it fed into the document that you all have I guess in front of you.

It's fair to say at the time the Democrats were—I won't say their worst enemy but they certainly weren't operating in the most effective way. We were institutionally finding it very hard to deal with the structural changes that needed to take place. The House bank closed too late. There were committee chairs who cared more about their turf and their committee's jurisdiction than they did perhaps about providing a record that Democrats could run on. You remember we failed to pass the healthcare plan which in retrospect probably should have been deferred in the first two Clinton years. We should have done welfare reform first and shown the country that we knew how to govern and understood where they were coming from.

But it's also fair to say that much of what we lost over in that election year of '94 had to do with courage to proceed on a number of issues. The Balanced Budget Act that we passed in '93 in conjunction with the one that had been passed with President George H. W. Bush's cooperation in '91 and the one that was agreed to in '97 all really came together in providing the incredibly good economic times of the nineties. Record low interest rates and an effective deficit reduction package. But included in that was a 4.3 cent increase in the gas tax. It could easily have been a half cent increase in the corporate tax and we could have avoided that direct hit that we took in the election, raising taxes on all Americans we were said to have done. Strangely that 4.3 cents has never been repealed. It wasn't part I guess of *The Contract* or any subsequent party proposal.

But if you read the preamble to *The Contract* you see that the phrase "to restore accountability to Congress, to end its cycle of scandal and disgrace and to make us all proud again of the way free people govern themselves," that was the Republican culmination of their reform efforts that Don has not committed in his paper that went back many years in terms of changing the way the House of Representatives functions and at the same time taking advantage of the very effectively orchestrated effort on the part of the Republicans in Congress to focus on the corruption in Washington.

Newt comes from a background of very effectively exploiting these kinds of issues. He ran against John Flynt, the chairman of the Ethics Committee, in two prior elections and it was his threat to run a third time that caused Flynt to retire. I have a sense that he wouldn't have been elected had he run but Newt Gingrich came to Washington understanding the ability to go beyond the normal issues that divided the two parties and try to galvanize a reformist instinct, bringing about a change in the way Congress functions.

The first time I saw Newt really performing in Congress was in the debate over the late Charles Diggs of Michigan and the ethics problems he had. And I wondered why would Newt Gingrich, freshman member, be in the middle of this fray and then I learned the background that had been part of his political ascendency. And later on the Gang of 7 and others that were put together out of the '94 class of freshmen really understood how to keep, (I guess they came actually earlier than that) really came to understand how they could make the fat and out of shape forty year Democratic majority need replacement.

I think if you look however at what's actually been accomplished with *The Contract* and where we are today looking back, not a lot can be said to have been permanent change. In fact I would argue that circumstances in the House today are far worse than the Democrats ever imposed on the Republicans even when they were most threatened in the early nineties. We were first of all in *The Contract* required to apply the rest of the laws the country had to deal with on Congress itself. And duly we created a small adjudicatory body in the legislative branch to do that. It was hardly noticed for most of the last ten years. I noted recently House leaders have actually gone to court to limit the authority of that entity. We were supposed to conduct an audit of Congress and we did in a sense in the first two years of the Republican majority but frankly even the creation of an inspector general which was another cause advocated by Tom Ridge for example has proven to be of really minimal value. I mean there may be some periodic fine tuning the institution makes in every Congress and that's all to the benefit. But now most of the reports are kept secret. We now have a terrorist threat so it's a very convenient thing to keep them from getting into the hands of the press which was so aggressive in seeking this inspector general role.

We talk about the need to cut the number of House committees. I think that has grown once again after the initial cut. We did cut the staff. That's grown again after the initial reduction. And events occur. Homeland security needs and other things do eventually come to bear.

I think I give Newt tremendous credit though for having actually been willing to enter into the thicket of changing congressional jurisdictions—the Commerce Committee, a fine example. Much of this power has now been defused of financial services and other places in the Congress. Evening out the workload and actually giving more people, certainly in the majority party, a role in the political process and the legislative affairs.

Casting of proxy votes in committee. Yes, we did fix that abuse but we're now as I understand it Don beginning to backslide even a little bit on that original long-term Republican goal.

Requiring committee meetings to be open to the public. Well, I guess it depends on what you define as a committee meeting because while there are probably a number of open meetings on the Hill the important ones aren't. Conference committees often are meeting not only without the minorities participation but certainly without the public's knowledge of what's being discussed in those meetings. I think we've never seen a time when secrecy was more dominant than it is today.

I'm not putting all of this at Newt Gingrich's feet. I think we've seen in the last six years changes that have run against the grain of this *Contract* in very clear and dramatic ways. We did not require tax increases to have a more difficult time getting through. We frankly have not let that impede Congress in doing whatever it wished to do in these days. Certainly the balanced budget proposal came a cropper in the Senate but it certainly would be a complication that the majority party now in control in Washington doesn't necessarily need or really want. So I think we've done a great deal to revert back in fact beyond what any Democratic Congress and any chair every did in their desire to control affairs to a time in which the public's participation in the Congress, let alone the members of Congress themselves, are extremely limited. We have ample examples of bills coming to the floor with little notice. People not knowing what's in them. We had that recently occur on the Appropriations Omnibus where a grant of authority was given to staff of the Appropriations Committee to find individual tax returns available to them. Something that nobody on the committee

seemed to know had been included. We had this discovery after the fact on the Medicare pharmaceutical bill that passed in the last Congress as to the what real value cost of the bill was. That information was kept from the members when they voted because I think they knew the bill would have gone down to defeat.

The Congress currently is led by people who have taken the lead from *The Contract* to further entrench power in the leadership at the cost of vastly weakening the committee structure and the role of individual members within the legislative process. There's no question that today leaders decide not only what bills will come up, their long-term constitutional authority, but what will actually be heard on the floor. The Rules Committee has more power than it ever did under Judge Smith before the reforms that were put in place to give the authority to the leadership to have some say over what really came to the floor. Today the Rules Committee is often drafting the last version of the legislation, coming to the floor with a package that many of the members of the committees of jurisdiction who have already heard the bills and voted on them and marked them up, they're not even fully apprised of what comes out of the Rules process.

The leadership operates in a way that has been strengthened by the term limits that was originally supposed to limit authority of the committee chairs. Today the leadership determines whether you get an extension or not. If you were a good team member you maybe get another two or maybe four years. Certainly the limits on the Speaker have been extended. So it's all about the power of the Steering Committee, the leadership in the House particularly, deciding without much opportunity for dissent what should come to the floor and be voted on in what form.

Now the ethics issues. I think there's no question that the ethics process is broken down almost beyond repair. In the Jim Wright investigation which Newt instituted leading up to the '94 election victory the committee operated in a truly bipartisan way. Not all of the charges that were levied proved to be the case, proved to be true, but the special counsel found other areas of concern and Jim Wright in hoping to expatiate the process of vilifying leaders decided to leave Congress and hope that peace would follow. Of course unfortunately it hasn't and there have been attacks against leaders on both sides ever since. The committees have been unable frankly except in some relatively minor areas to do much more than admonish anyone and to do it only—because I think of the courage of a few individuals, of Joel Hefly for example of Colorado who recently has shown a good deal of willingness to deal with some of these issues in a bipartisan way. Unfortunately we now have made it impossible for anyone to bring a complaint to the committee who is not a member. We've admonished those who have when they were deemed to be politically motivated as if almost all of the ethics campaigns in the eighties and early nineties weren't politically motivated.

But there's a certain element of hypocrisy it seems to me in how a process which was so useful in giving Republicans the impetus they needed to take control has been totally eviscerated while they were in charge. It's sometimes astonishing. I came to be a real fan of a fellow named George Nethercutt who was elected to Congress on the term limits crusade, defeating Tom Foley in 1994. But when six years later it was time for George to decide whether to break his commitment to term limits or run again he did run again using exactly the same language that he was so critical of when Tom Foley talked about what he could do as Speaker of the House for the people of eastern Washington. It's almost sometimes mind boggling that people don't understand the words that

they're now using to defend their actions are so at odds with the words that they used when they were selling their new leadership and the concept of *The Contract*.

Now there were a number of early accomplishments. Newt has ticked off some of them. I think during his tenure welfare reform and that third leg of the balanced budget effort were very important ones. There are also some other things that have not stood the test of time, the Telecommunications Act which has been eviscerated at the FCC and is really well overdue for renewal. Freedom to farm. You remember how we were getting out of the farm programs. That was something that has been thrown out and replaced with more federal assistance to agriculture than ever occurred probably in proportionate terms back to the New Deal.

Any leadership can make a difference for only a while. It seems to me Newt was, as I said, a great field commander. As a legislative leader who had to work the very difficult issues with the Administration, with the minority party which has been continually frustrated in its lessened role and in the most conservative members, many of them legacies from that '94 victory class with its huge influx of Republicans, it was a very difficult balancing act to keep all those people in place.

Obviously they can debate the effect of shutting down the U.S. government during Newt's reign. Some people think it actually helped them hold the House two years later. Others believe that it was the beginning of not only the end of his Speakership but that of a Republican leadership in Congress that could really fairly allow issues to be resolved. I think they have concluded, I'm not sure Newt would have, that absolute control is the only way to preserve the majority. And all of the transgressions on the kinds of values that *The Contract* purported to be interested in, all those modern recent transgressions, I think really are a reflection of much more than the fact that the margin of majority in the House is so close. It is a mind-set that allows the leadership to in effect put all other values behind the one value of maintaining power. That's what the K Street strategy is about. Putting people downtown to make sure you have people to feed back in the requisite resources, to make sure the majority can perpetuate itself.

It's not so much about ideology, it's about the retention of power. And so I think *The Contract* while it was an idealistic document in some ways was also a fairly cynical document, trying to take advantage of a mood in the country that they had helped create and that is to make change based on the fact that the Congress had become remote, corrupt, unresponsive. I'm not sure that today you could say much differently about this Congress than some said about the Congress in 1994. But I do know that we are going to have to go back to work on this process because I think many Republicans now are feeling very much that they are victimized by it as well. And when that sort of movement is created within the Republican conference just as there were restive members, the Democratic Caucus in the early nineties, change is inevitable. So I look forward to the dialogue too. I hope I have in some way gotten some things out of my system that I've had there for low these ten years you know. I was in change of the Democratic Congressional Campaign Committee when we took this monumental loss so I must say my objectivity has always been called into question. But I do feel that the Congress is in some ways, and I hope to hear more from the press and the academics in this regard, come more than full circle and it's time for a change once again. Thank you.

Mr. Wolfensberger: Thank you very much. Sarah Binder.

Sarah Binder, George Washington University and the Brookings Institution: Thanks very much for including me. It's an honor to be here. It's nice of you to bring both books there. Last I checked on Amazon I think Newt's book was ranked about 45th and mine was ranked about 245,000, 300,000, so don't rush out and buy mine.

Don asked me to share some observations about how partisan and political dynamics over the past decade of Republican rule have affected the House in its development as an institution. So my comments are more about process than about policy per se. I thought I'd give an assessment generally of what has changed and what's not changed from my perspective and then give some consideration to why this pattern or these patterns may have emerged.

And my basic observations I'm not sure, possibly could get me in trouble with the former leader on the left as well as the former leader on my right so I'll try to stay right in the middle here. My basic observation is that despite all the change that Republican majorities have brought to the House over the past decade my sense is that perhaps ironically not all that much has changed about the way the House operates as a political institution. I'll have some caveats at the end about that conclusion that I'll come to in a moment but my sense is that the House remains fundamentally a partisan political body, the basic outlines of which were put into place under Democratic majorities over the second half say of their forty year reign. Although even as an historical aside even those changes under Democrats were conditioned on landmark institutional changes adopted by Republican majorities at the end of the 19th Century that Newt Gingrich referred to under Speaker Reid that is institutional changes put into place well over a century ago that today allow political parties to centralize control in the leadership.

What I mean by this partisan political body or political institution, essentially the House is a body that responds to the policy and electoral demands of the majority party. The rules of the game give the majority party leadership the ability to control the agenda, assuming the existence of a reasonably cohesive majority behind it. Leadership today essentially sets the agenda, largely shapes the set of choices that legislators are allowed to vote on on the floor and leadership is generally able to marshal support for those policy positions advanced on the floor. These are political powers that are facilitated by the standing rules of the House, the previous question motion, privileges of the Rules Committee, use of restricted rules and so on. What I think is important to recognize is that these institutional powers existed and were exploited by majority parties well before Republicans took control of the House in '95. One might say they are as much the tactics of Tip O'Neill, Jim Wright and Tom Foley as they are of Newt Gingrich and Danny Hastert. In fact it's the Democrats exercise of these powers that stimulated much of the reform agendas and efforts within the Republican conference in the eighties and early nineties that as Don points out in his essay that became the basis for *The Contract With America* in '94.

If you look at what Republicans were saying before '94 and what Democrats were saying after '94 there is quite a lot in common. Both minority parties complained or today complain of severe limitations on the ability of minority party members to participate in legislative process and at times you'll hear Republicans say "gee we better be careful here, we are getting as bad as the Democrats were." Now a lot of folks might hear this and say, "you're nuts. There's something fundamentally different about the House today in ten years after '94 than before, not least on account of the size of the majority party." Many folks says there's something fundamentally different about

legislating under small majorities and that much of the House dynamics today is driven by the difficult of sustaining a governing majority.

The Rules Committee chair David Dreier in recent weeks has said "Look Democrats had at time margins of 80 or 90 majority party members but look at the margins that I've had to deal with." I tend to disagree. I think that much of legislative House process looks the same and Dreier has also say that "look my first priority is moving Republican agenda, my second priority is making sure that it's done in as fair a way as possible." What does that entail? An assertive Rules Committee staffed in the favor of the majority leadership, use of restrictive rules to limit votes on minority and bipartisan alternatives, adoption of rules that reflect the majority of the majority as Hastert would say. But again I don't think that's much different than what we saw exercised on the House floor through the House Rules Committee before the Republicans took over in '94 where bills by and large reflected the views of the Democratic majority. Small margins may be making things dicey for the Republicans, puts a premium on their organization but I don't see a fundamental change in the legislative process because of the slim majorities.

Now that's not to say that nothing has changed. There are at least two aspects of change I think worth dwelling on. First, there does appear to have been a ratcheting up by Republicans of their use of these tools of agenda control that they inherited from the Democrats. Clearly that's visible in Don's data in his essay on restrictive rules, self-executing rules, increase in suspension motions, probably in the increased use or waiving of the three day layover rule too. And it may be that these are differences of degree rather than kind but clearly that makes them no less real or worrisome to the minority as Vic Fazio has pointed out.

The second area of change is there's clearly been a fusion of partisanship or rather partisan agenda control into the committee system and that is I think somewhat fundamentally different than the legislative process under the Democrats. We can see this in a number of ways. First the restructuring of the Steering Committee within the Republican Party to advantage party leaders and particularly the Speaker in selecting committee members. We have what one of my GW colleagues calls musical chairs; that is moving beyond the standard rule of seniority to look at party loyalty often in financial terms the decisions of selecting chairs.

The Steering Committee's selection of House Appropriation Committee's subcommittee chairs. We used to call them cardinals. We might need a new choice of birds typed to describe their powers. That's a fundamental change also in how a party leadership has influence over the operations of that committee.

Perhaps the most important as others have alluded to here, term limits on committee chairs and subcommittee chairs. I do think that as altered political life within the Republican conference created an exceedingly important avenue for the leadership to extend its reach into many of the policy decisions or policy choices of the committees. We're also now seeing the reach of partisanship or an effort by the parties to structure the agenda into the work of the House Appropriations Committee which until the last year or so I think has really resisted this push toward partisan agenda control. It is clearly exemplified by the selection of the new chair, not according to seniority. We also see this reach partisanship in the Ethics Committee as Vic Fazio pointed out.

Have these changes broken the back of the committee system as we knew it under Democratic majorities? I'm not sure we're entirely there yet. This is clearly most visible in questions of jurisdiction or the turf of committees and efforts to change jurisdictions. In '95 when David Dreier opposed some fundamental restructuring of committee jurisdictions, at least that was one of his proposals, but then he backed away from that and again we've seen some efforts to restructure committees with the advent of the Homeland Security Committee but again we see pretty much resistence to fundamentally changing jurisdiction lines within the House.

My sense is that term limits on chairs has not really changed the incentive that chairs have to protect their reigning committee powers which is essentially defined by their turf.

So why do we see this pattern? Why this continuity albeit with some ratcheting up by Republicans in recent years? It might work on minority rights. I try to show that the short-term goals of parties really shape their views about the rules of the game. It's not really long-term goals that shape them or some sense of reciprocity with minorities but immediate short-term policy goals the minorities tend to dictate what types of rules they would seek to use.

When majorities are cohesive and they encounter obstructive minorities they tend to restrict the rights of the minority party and that's historically, that's not just the story of the last ten, twenty years. When majority parties weaken and cross-party coalitions are more likely to emerge, those are the conditions historically where majority control is loosened and minority rights are expanded.

Clearly with the polarization of the two political parties we shouldn't have seen an expansion of minority rights, we should not be seeing according to that logic more opportunities for offering amendments, fewer suspensions and so forth. The conditions that encourage minority participation, the expansion of minority participation, they just haven't been in place since probably the early 1970s.

At the same time neither have Republican majorities really had a hard time getting what they want. Minority party simply doesn't have the tools it needs to influence the choices made by the House in any systematic way. There are exceptions. Clearly the House discharge rule was used to good effect for instance on campaign finance reform over the last few years. But again here the exceptions probably prove the rule that Republicans through their domination of the Rules Committee and their reasonably cohesive majority can get their favorite bills passed without much challenge from the minority party.

So again and I should say that even when Republicans haven't been entirely united on policy goals or policy grounds as in the debate over Medicare expansion in 2003 it looks like the party's electoral goals may be sufficient to get recalcitrant Republicans to line up behind the goals of the majority party on the floor.

So even though we've seen innovations at the margins it seems to me that the underlying dynamic remains the same in the House and that is even after ten years, even as the parties have continued to polarize, even after Republican majorities until November have shrunk, even after the Senate has changed hands twice and even as unified Republican control of Congress and the White House seems to be coming a new norm.

So in reflecting on the question Don asked me here I've been very struck by the staying power of these old ways of doing business that were inherited by Republican majorities and let how easily they've been adopted or adapted to the Republicans policy goals which everyone has noted are quite different than the goals of the Democratic Party before them.

Mr. Wolfensberger: Thank you very much. Finally, Janet Hook.

Janet Hook, The Los Angeles Times: Thanks Don and thank you so much for inviting me. It's an honor to be here. Don actually asked me to talk a little bit about what it was like as a reporter to be covering the 1994 transfer of power. It actually coincided with right around the time that I was hired. I used to work at *Congressional Quarterly* and right around the time that he became Speaker the *LA Times* hired me. And just in case you have any notion that there's a meritocracy in journalism I'll tell you this. I October 1994 I was having an interview with the *LA Times* over lunch and they said, "So, you think the Republicans are going to take control of Congress?"

And I said, "No way," and they went ahead and they hired me anyway. So much for great political punditry.

But the period of 1995-96 was probably one of the most interesting periods of my whole career of covering Congress and it's not for very deep reasons. Journals love change. I mean it's practically the definition of news. There never has been at any other time in my career such dramatic change on the Hill. To understand how much that meant to me and other reporters you have to consider the day-to-day life of a congressional correspondent. The Congress usually moves extremely slowly, extremely incrementally. There are a lot of anonymous people, the same faces, very few changes year after year. So after the 1994 election there were new issues, a whole new agenda, stuff that we haven't covered six times over the last six years. There was a whole new cast of characters and the freshmen actually meant something. They were important characters and not just the backbenchers that you ignored until they became committee chairmen.

There were new ideas and then there was Newt. Newt was a great sort of news event unto himself and it was very different. When you cover the White House, there's the president. You cover the president. When you cover Congress there are all these different people. But after the Republicans won control of Congress it was hard to not pay attention to the Speaker. And probably one of the things that I remember very clearly from that period that sort of encapsulated what a difference it meant was the institution of the Speaker's press conference. There had been Speaker's press conferences every day that the House was in session before the Republicans took control. Vic, did Sam Rayburn do some version of this? I don't know. I know Tip O'Neill used to have these little pen and pad briefings. They'd bring a bunch of reporters into the ceremonial Speaker's office just before the House came into session and Tip would just be there were a bunch of old reporters and say, "Well, today we're doing the suspension calendar," mumble, mumble mumble, "no cameras, no big pronouncements, no big ideas, just what we're going to do today."

And then when Speaker Wright was in office it was a little bit more mix it up because of all the controversy that he went through with his ethics investigation.

But then when Speaker Gingrich took charge this became a very important forum for him to deliver messages, make pronouncements on the issues of the day and answer our questions. They had to move it to a bigger room. They had cameras in and it just got to be a kind of a way of hearing from the congressional leadership. It was just different. After a while I think the Speaker had said enough things, gotten into enough controversies that they kind of cut back on these press conferences and we were very sorry.

Now Speaker Hastert has kind of taken us a little bit back to the Tip O'Neill approach of "today we're going to do suspension calendar" mumble, mumble, mumble and so some things were enduring changes with *The Contract* and with the Republican's taking power. That was not one of them.

One institutional change that also had a big impact on reporters I think is the degree to which the Republicans and Speaker Gingrich in particular centralized power in the hands of the leadership because as a reporter you get your information from people who have power. They know what's going to happen or what isn't going to happen, how it's going to happen, to the extent that you want to go to one source. It used to be on tax bills you just had to go to Dan Rostenkowski or if you wanted to know something about an energy and commerce bill if you didn't talk to John Dingell you couldn't possibly know what was really going to happen. Committee chairmen are still very important and have independent views in their own right but I think right now the Republican leadership is much more the sort of the locus both of information decision-making knowledge and for reporters information.

Sarah and others have talked a lot about the sort of internal impact of the changes in '94 and I agree with the sense that somehow they're coming around full circle with some of the problems that they complain about with the Democrats but I think the most interesting question sort of from my sort of policy point of view is just where the '94 class and the Republican control has and has not had an enduring influence on policy.

I will say on one area of internal change I am really astonished that the term limits on committee chairmen have remained in effect because you know when one reform after another gets either brushed aside or ignored I thought for sure that that would be one of them because committee chairmen have so much power. But the fact is there are a lot of people who have an interest in turnover in committee chairmanships and only the twelve or thirteen or however many committee chairmen who would want it to be repealed. But anyway that was a genuine change and I think it may not affect their willingness to defend their turf and their institution but it really does get new blood at the top of committees and I think that's something that probably won't change. I wonder what would happen if the Democrats came back in power.

Speaker Gingrich mentioned three of the areas that he saw as lasting changes and I think they're all kind of telling. One was the institution of Thomas and that actually was a great thing that I use almost every day. But it also has happened that over the last ten years there have been lots of other sources of information over the Internet. So it was probably more important when it happened than it is today.

Welfare reform. Now that's a really interesting thing. When they debated it in 1985-86 it really was huge tumultuous policy debate, big shift in power and while the Congress hasn't really gotten around to reauthorizing it there isn't much of a sense that anybody is thinking about a dramatic change in the direction of that policy. That really was a lasting change.

In other entitlements the success hasn't been quite as pronounced. The more striking thing is the way some of the aspirations to reign in entitlements have been reversed as Vic mentioned. They had a big change in the farm programs that was essentially undone six, eight years later and the expectation of farm aid has continued as high as I think before 1994.

And Medicare of course. After the Republicans got so much flack for their efforts to restrain the growth of the program in the early years, after they took control they participated in the biggest expansion of Medicare since its inception with the prescription drug benefit being added.

So you have the sense of the kind of a mixed legacy policy wise. And I think the one that I'm most intrigued by is the kind of change in the character of the Republican Party and its ideology because the class of 1994 really was elected on a platform of small government and limiting spending and shrinking government. They had this metaphor for what they wanted to do with the budget was they didn't want to just cut spending, they wanted to pull up programs by their roots. So you didn't want to just trim the grass, you wanted to pull it up by its roots so that the programs would be abolished rather than just cut back to economize. And you just don't hear that much talk about that anymore. Maybe just because they found that some of those programs they actually kind of liked when they were the ones who were spending the money on it.

But also the events of 9/11 really kind of dropped a big factor into the calculation of whether—. I mean it's sort of like now the debate is no longer bit government versus small government among Republicans, it's what kind of government are we going to have. It's a bigger government now than when they first came to power but it's also not the kind of government the Democrats would have built. It's much more heavily skewed to defense and homeland security and I think we'll probably see in the next two years a little bit more of the shifting of spending priorities if Bush in fact gets serious about trying to reduce the deficit and cut spending.

With that why don't we turn to questions.

Mr. Wolfensberger: Okay. First of all I'd like to give Newt a chance to follow up as well as Vic on what has been said since they have spoke and then maybe we can ask a couple of questions and then open things to the audience.

Mr. Gingrich: I don't know that I have much. I think this has been a helpful overview and I mostly agree with it.

Mr. Wolfensberger: Vic, do you have anything to follow up?

Mr. Fazio: I just wanted to take something away from what Janet has just been saying. I do think Newt has personally and appropriately taken a share of the credit for the balanced budgets that

emerged. But the record in recent years is abysmal. We have no pay-go system in place which I think was a very important element of bringing the Republican Congress and President Clinton—
Mr. Wolfensberger: Explain what pay-go is.

Mr. Fazio: Pay-go means that if you want a new entitlement spending or tax cuts, you've got to pay for it in some manner either by raising another tax or cutting another program and Republicans have been unwilling to reinstitute that once it lapsed.

But you see this Congress that in '94 was focused on rooting out whole departments and spending in general, putting 3400 line item, some would say pork barrel, amendments in in conferences which are controlled by the leadership of both the House and the Senate Republicans largely, in most cases only. In the days when we used to actually go through all thirteen appropriation bills individually I'm not sure all of this would have been frankly acceptable to the average member. We're now governing in a way that has totally eviscerated the appropriations and budget process. We don't even pass budget resolutions anymore if it's inconvenient. When members don't want to make the cuts in the appropriations bills that are not popular but need to be made we don't make them make those cuts. We amalgamate all the bills, we pass them at the last minute and no one has any knowledge not only of what's in them but how we got to the numbers that were mandated by perhaps the OMB. It's a total breakdown of the traditional budget process and the Appropriations Committee has suffered greatly as a result of this and its in my view driven largely by a desire to at all costs shield members from the political consequences of making votes that might be unpopular with somebody.

Well you know the Democrats were held to a much higher standard for a long time and paid a price for it but it was part of the price of democracy. It was part of the price of actually fulfilling our constitutional obligations to be the source of spending.

I'm very troubled by the situation we face now. I'm wondering whether there will be some desire to reform that by the committee, let alone by the rank and file on the Republican side who ultimately have the authority to bring about not a reaction or a return to normalcy but at least a process that's clear, that's accountable, that gives the public a role in deciding how we're going to spend our money.

Mr. Gingrich: This is a comment on the future rather than ten years ago. I essentially agree with Vic and I think it will be fascinating. One of the reasons that people who really get into politics and government find it so difficult to take up anything else that has quite the same attractiveness intellectually is that it is so complicated and it is so beyond your ability to project so that you end up with twists and turns you can't quite anticipate. George W. Bush runs as governor of Texas to be a very limited commitment overseas, focus on domestic policies. "I'm really going to be Mr. Domestic Policy President."

September 11 occurs and the following three years he spends it almost entirely as commander-in-chief and national security. I just thought of this. I'll make two predictions. One of which I talked about in *Winning the Future* in a way that I suspect will be a little bit of a surprise to some members of the Republican leadership. It's my view that the Senate is too loose and the House is too tight. That on the one hand first as a Majority Leader has to have a slightly, not dramatically,

but slightly greater ability to get something actually decided in the Senate because the Senate now runs itself largely by exhaustion.

But at the same time the House leadership is making an enormous strategic mistake if they stay too tight. And the reason it's a big mistake not a small mistake is that the great virtue of allowing amendments is that you surface problems early and you begin to notice that the world is different than you think it is.

One of the things that happened to the Democrats in the eighties was they began to have committees that were stacked so that the liberals could always win and the problem that posed for them was they would then report a bill out of committee they couldn't sustain on the floor because the committee was actually to the left of the House. It was appropriate for the Democratic Caucus but it was to the left of the House.

Republicans I think have to be aware of the fact that they just went through a very unusual period. 9/11 bought the Republican Party at least two full years of a country tolerating things it wouldn't normally tolerate because the shock of being attacked at home was that great. Then the prospect of a presidential campaign in which your choice was going to be Howard Dean or John Kerry which from the standpoint of Republicans approximately equal. For the country they weren't but for Republicans Kerry was as big a threat as Dean would have been. It meant that again people spent all of 2004 not publicly complaining.

I think it will be fascinating to see if the Republican leadership and the White House can come to understand. Those were aberrant periods. That's not natural in American politics. Part of the great genius of the American political system is you really are elected back home. You really have to go back home. And back home people really don't care what was said in the Caucus or the Conference. And so you go back home and say, "Yeah, I had to vote for this rule which was really utterly totally stupid and it didn't make any sense to me either," that doesn't last very long before people start saying, "You know if you don't start fixing this we're going to replace you."

Now people will say, "Well, incumbents are almost unbeatable, trust them." All through the eighties I was told incumbents are almost unbeatable. Don't design a strategy for a grand sweep because it's technically impossible. And all through the eighties I kept telling people, "No, you have to have two things happen. They have to make enough mistakes and you have to have enough energy and organization." But the morning those two things meet each other the system, the American people are supreme, the politicians are never supreme.

And I just want to suggest to all of you. The Democrats if they could move to the center and actually be a serious reform party would be a formidable threat overnight. The Republicans who are not part of the power structure will begin to complain vociferously. The people whose views of the world are different than the leadership or the president will begin to complain vociferously whether its on immigration or on balanced budget or on spending. These things are inevitable. It's the genius of the American system to defuse power too widely for any machine to keep it under control. Cannon was never stronger than the morning before George Norris got up and moved to repeal the decision of the chair and Cannon was defeated decisively. He was probably internally the strongest Speaker in American history and he was shattered in one vote.

I'm a reform Republican. I was a reform Republican, my ancestors in Pennsylvania were Gifford Pinchot, Theodore Roosevelt Republicans. As a child or a young person in highschool reading Theodore White it was the description of the great reform Republican Party, that is the party that I was proud to belong to and I think anybody who believes you can have a machine Republican Party for any significant length of time and not have it break down because of the internal nature of the Republican-based constituency simply misunderstands the nature of America.

Mr. Wolfensberger: Thank you. If I just might make a comment before we open this up to the audience. It reminds me a great deal of some of the research I had done for my book when the Democrats took over after Joe Cannon was overthrown as a member of the Rules Committee and chaired the Rules Committee in 1911. People think well that was the end of party government with the overthrow of Cannon and the Democrats taking over but in effect they had caucus rule where things were in the Democratic caucus they were adopted and then members were bound both in committee to vote for the party's legislation as well as on the floor. And the one that the Republicans on the Ways and Means Committee resigned in protest that he had no real meaningful voice or vote and so Speaker Jim Clark got up and said, "All your talk of secrecy is of no avail." Things were being done in secret behind closed doors. He said, "The American people don't care how we do things, they're more interested in results." And I think that brings up a very interesting thing because I think what Speaker Gingrich is saying is yes, process is important but the most important thing is getting things done. But at the same time at some point if the process becomes too abusive or restrictive it's going to come back upon the majority in some way and I don't know whether the public would be aware of it or whether it's their own membership or—

Mr. Gingrich: Look, this is a very open society. Everywhere I go people complain about the deficit. Everywhere I go people complain about the port barrel spending. You can't have as many line items as they had in the last Omnibus Bill and not think that in some primitive way—. It's not that people sit around and take notes but they get it over time and that really matters over time because people overvalue campaigns as thirty second commercials and undervalue the national conversation. The country does talk to itself over time and it's not that the country values process as process, the country values process as a way of getting things done right.

I want repeat what I said earlier because I may not have been clear enough. If you don't allow yourself to occasionally lose on the House floor you don't have an indicator of how out of touch with the country you are. And if you'll remember right after we finished doing what we had contracted to do which was vote on *The Contract* we brought up the Clean Air Act and it ran two and a half weeks with an open rule. We did it very deliberately. You can say okay we had to ram this through because we gave our word and we kept our word but by the way that isn't the way we should normally behave.

And you really want the House to have coalitions. You want the coalitions to be regional, you want the coalitions to be ideological, you want the coalitions to be generational. But a House which runs purely as a machine is a very sterile institution. Now that doesn't mean when I got to a crunch I didn't want to win; I didn't win rather often. But I was very careful about distinguishing between what in the British system would be a three line whip; that is, we have to win this. And almost everything else. I think it's very dangerous for the House to get it just as it's dangerous for the Senate to become self-indulgently the petty playground of a hundred egos. It is very dangerous for the House

to become an instrumentality of a machine that is insensitive to the need for the opportunity to offer other kind of choices.

Mr. Fazio: Don, can I just make a couple of comments. First of all, I think the most thing you have to glean from what Newt has said is that when you're constantly putting your members on the line to pass controversial legislation by one vote time and time again you're selling the seeds of your own demise because those members who are voting against the interests of their districts are the ones who will ultimately pay the price. And that's certainly the story of the Democrats in the loss of their majority over time.

I think also though we have to look at the impact of reapportionment which in recent years has become more and more a two-party deal which has done away with a lot of the sort of swing districts, the marginal districts that used to go back and forth in presidential elections. In recent years it seemed to me the reapportionments have made it much harder for the sort of victory that Newt was able to general in 1994 and of course there was the unique factor there. We had a lot of formerly conservative Democratic areas that were really becoming more Republican in the south. We had the end of what had been a one-party dominated south. But you've really done away with a lot of those kinds of weathervane districts. So even when there's a perceptive change in broad national opinion it doesn't always get clearly reflected in who gets elected to the House. It's frankly far more likely to be registered in the Senate which has made that body I think a lot more difficult to manage.

Mr. Wolfensberger: I guess my follow-up question would be is there any issue in which it's possible that the parties would work together for a solution given the attitudes of both that they have to oppose each other, they really can't count on votes from the other. I mean is this sort of a self-fulfilling thing or will we see a move back towards greater cooperation? Is there anything that really rises to that level?

Mr. Gingrich: I think you see in the Senate because you have to, the structure of the Senate doesn't permit it. And I would say for example the work we do now at the Center for Health Transformation on health information technology. I mean both Patrick Kennedy and Teddy Kennedy and Hillary Clinton, all three have talked to me about how do we work out a bipartisan project.

If you could list over here and say we absolutely have to fight over these and everything else we can actually work together you'd be in a much healthier situation. And that's part of where over relying on ramming things through is dangerous because it eliminates—if you so infuriate people that they think that they have no hope then they have zero reason to ever work with you even when it's practical to work with you. And I've been approached for example by several members of the Black Caucus who said there are clearly issues we can work together on but we currently have no mechanism for doing it.

And so I think in the House, I think actually the Republican leadership would be strengthened by being very careful about saying on the following things we're going to win even if it really makes you angry but on everything else let's bring out bipartisan bills, let's have bipartisan hearings, let's make sure that everybody gets to play and we accept the fact they're not going to be happy with us with these twelve or whatever they are but those we have no choice. That is the nature of being a majority. You'd get much more done in that kind of environment.

Mr. Fazio: I would just say in the Senate where you have the require of getting consent across the spectrum to bring up legislation and to control how it's debated inevitably deals need to be made and so compromises of some sort are reached but nothing on the broader basis that Newt's been talking about.

I think in the House though the atmosphere is very poisonous. It is frankly very hard to get people to sit down and work towards some common goals because they have had no experience in a long time. Its been top-down from one side of the aisle dictating legislation to the point where the Democrats are almost in total opposition thinking they have learned from Newt and the Republicans of the early nineties how this must be done. It would be extremely difficult for the current set of leaders on both sides it seems to me to sit down and decide that there are going to be five major issues that they're going to try to handle in a different way than they deal with most every other issue. I think it would be a wonderful experiment and I think the Democrats who contained a number of members in their conference caucus who have a real desire to legislate, a real desire to actually fulfill the mandate they accepted when they were elected other than to be simply in opposition would be forthcoming. I think there would be a response on the part of many of those people, particularly if you began within the committee structure and tried to bring out bills that really were bipartisan in their formulation which is what the Democrats did for many many years because they had to. As Newt said if they were too far to the left they couldn't pass it when they got to the floor. So they brought many many bipartisan bills out in the eighties and early nineties.

We have a situation today where as long as you can sustain those one vote margins why should we compromise. Maybe we'll have to with the Senate. Don't give an inch until we get to conference and even then let's preconference it so we know the outcome won't be inimical to our policy goals.

I think it's a very difficult box that we've been placed in by events and by the leadership on the Republican side. To get out of it will take you know going against the grain of the conservative opportunity society members who are always worried that they're going to be sold down the river by their always inclined to compromise leaders. Even though there's not much of it coming up they are real restraint on Danny Hastert and Tom DeLay, if there was an inclination on their part to try to find common ground.

Ms. Hook: I think the biggest test of this question of how bipartisan can Congress be is really posed by the Social Security debate right now because everybody agrees on one thing and that's that somehow the solution has to be bipartisan. This is not the kind of bill that you can ram through on a one vote margin. You can't sell it the way they passed Medicare by keeping the vote open for three hours and twisting arms.

But the problem is that the way that the debate has opened from the White House is there aren't very many incentives for Democrats to participate and they've got this sense of why should I put out an alternative, they're just going to crush me and ignore me anyway.

And so it's very interesting to me to see what's happening now when we're starting to hear more from Republicans who are taking a slightly different tact than what the White House is that maybe this is where the bipartisanship maybe can open up is if Republicans even if President Bush

has a very strict idea of what he wants, if there is more of a dialogue even among Republicans, if it's out there as opposed to behind closed doors maybe there's more of a possibility then.

Mr. Gingrich: I just want to draw a distinction. I don't know what will happen say on Social Security but which probably is an issue that is extraordinarily difficult for certainly the liberal in the Democratic Party to compromise on. It might become an issue where Democrats split if the President in fact aroused enough grass-root pressure but that requires a totally different strategy than they've adopted up to now and I think that's something they've got to confront at the White House.

But what I sense is something different. Most people who come to Washington and run hard and win elective office and travel back and forth every week actually like to get something done. I think in the end being angry just isn't enough. For some it is and we certainly have enough members who are like that but they're really a very tiny minority. And so there's a huge opportunity. In my own career I worked directly with President Clinton to pass NAFTA on a bipartisan basis. I was on the Public Works Committee which is one of the most bipartisan committees in the House. I was on House Administration which except for election law was very very bipartisan. I helped form the Military Reform Caucus with people like Gary Hart. We helped pass the Goldwater-Nichols Bill that was totally bipartisan. And I say that as background because you can have zones where people get to go out and do things and feel good about themselves and pass something and go to a signing ceremony and you can have zones where people are going to fight and the majority runs over the minority. They can both exist in the same place. But what you can't do is you can't run over the minority when it doesn't even matter, just because you're in the habit of doing it and then expect them not to be alienated. And I really do think this requires a serious taking stock on the part of the majority and thinking about, do you really want to keep sending the signal because it's only going to take about twenty Republicans for them to lose control of the floor. The first time they get to a significant crunch and twenty Republicans vote no on a rule it will be a significant signal that the end of that process is beginning to happen. So they're much smarter to back off now while they still have the strength to do it than they are to wait for the system to just start eroding around them.

Mr. Fazio: Let me agree. I think every majority is strengthened when they accomplish things. Democrats in '94 had failed to accomplish what they had set out to do on healthcare for example. There is no question that the public supports a leadership that delivers and they're not hung up on the details, they just want to see progress made on an issue.

I think Social Security is a good example if you particularly combine it with the tax reform effort where you need to you might find some common ground. Now I could argue that the Republicans would benefit by anything that was passed by this Congress particularly in a bipartisan way. You can read the tea leaves. The Olympia Snows, even the Bill Thomases, this is not a comfortable position for the Republican Party. They need a bipartisan solution or we just kick their can down the road another couple of years which is not a disastrous decision but an irresponsible one. So why not come together. The one major overhang that makes it difficult is we've already provided $2 trillion in tax cuts before we got to entitlement reform and now we have to borrow $2 trillion to make it a palpable transition. So we don't have a lot of running room because the ideological commitment of the Bush Administration and this Congress took a lot off the table before you want to open this debate.

Mr. Wolfensberger: Okay. Anybody else? Sarah.

Ms. Binder: I'll just add in that I think what's been identified here on the panel is this role for legislative leaders to step in to make these strategic calculations. I guess I'd reiterate how difficult electoral conditions are for leaders to do it all by themselves, in part because of the redistricting changes alluded to earlier but also simply because of the polarization of the two parties where there really isn't much of a moderate mill left and its dwindled probably to a handful of maybe five or six votes in the Senate and probably with the loss of Texas Democrats in the last election maybe in the range of ten, twenty conservative Democrats in the House and a handful of moderate Republicans. There is just not a big base upon which to build bipartisan coalitions in the absence of either pretty tough decisions on legislative leaders or the stepping in of the President as for instance he did on education reform where granted this was pre 9/11 but he stepped in and his initial step was "we 're giving up on vouchers," but that was a necessary move to get Kennedy for instance on board to craft something bipartisan in the middle.

But absent some sort of electoral middle, some sort of bipartisan middle, moderate middle, an absent presidential involvement I think it's very difficult for leaders to get essentially the courage to take those types of steps.

Mr. Wolfensberger: What we try to do is for the last half hour of our program open things to the audience. We will be passing around microphones. I want to thank Susan Nugent as well as [?Akasha Reed?] and also Stephanie Burns for assisting with this program. If you have a question raise your hand and wait for the microphone. We'll start down closest to the microphone stand here and then we'll alternate between the two sides and the middle. Yes sir.

Question: I was wondering if you all could comment to the extent that you know, it seemed that the House leadership had the famous not to step down if you get indicted rule all set to go. The members went home and they came back and they changed it. I was wondering, particularly Speaker Gingrich, if you could say that this was a dodged bullet, the first time that the leadership recognized that they were off in the wrong direction or a significant sign in having proposed it in the first place that they were on the road to ruin?

Mr. Gingrich: What's the difference in those two positions?

Follow up: One you learn and the other you don't.

Mr. Gingrich: Well, we'll find out over time if they learned. Clearly the members came back and said this is not acceptable. It goes back to my earlier point which is if you basically represent an upper middle class party with a deep reform pattern those kind of headlines are not helpful. And I also think in all fairness that Tom DeLay came back and realized from talking to his colleagues that it wasn't sustainable and DeLay himself said let's go back to the earlier rule. But I do think the members came back and just said no, this is not where we're going.

Mr. Wolfensberger: I think it would be wrong to assume that reformists are only in the middle because you do have a conservative strain of reform as well as a liberal restrain of reform and on some things they do come together, on ethics issues I would think especially.

Question: I wanted to talk about healthcare policy. Healthcare and Medicare were mentioned by a couple of panelists. I'm very interested in healthcare policy and I think it's great that you're trying to get the Republican Party to be more of a party of healthcare issues and the Medicare law was mentioned and fiscal conservatives opposed it because it cost too much, they thought it cost too much and Democrats opposed it because they thought it was a giveaway to HMOs and pharmacy benefit managers, etc. I remember that it passed in part because Speaker Gingrich encouraged fiscal conservatives to vote for it because of health savings accounts that are in it and the preventive benefits that are supposed to down the road create savings. So I guess my question is, is it really fair to call it a huge expansion or could you look at it as a contraction in any way, shape or form? Are there really savings that are going to come out of this because the Congressional Budget Office says that preventive benefits and chronic care management have never been proven to save money and save Medicare money? Is it the HSAs that re going to save this Speaker Gingrich?

Mr. Gingrich: First of all the Congressional Budget Office that produced the study questioning whether or not airplanes actually fly, there have been inadequate number of takeoff and landings so it's a statistically valid base and they can then fly to Los Angeles to present the paper. So I just want to start with the idea. Once you decide to have a Medicare program which we did in 1965 to not have pharmaceuticals as part of the program is insanity. So what you're saying is we're not going to pay for Lipitor but we'll be glad to pay for giving you open heart surgery and we're not going to pay for insulin but we'll be glad to pay for kidney dialysis. It is an utterly stupid program in terms of human beings. So all you're doing at one level is fixing what was clearly an oversight because of the evolution of pharmaceuticals over the last forty years.

Second, if you go to a true market in drugs, what I would call a travelosity market where people see real price and real choices my guess is you'll cut the price of drugs by at least 40%. I mean in a theoretical model the U.S. should be cheaper than Canada not more expensive because we're a much bigger market, it's just we have a seller's market in drugs and not a buyer's market. And I predict you're either going to go to a regulated market or a buyer's market but you're not going to see the drug company sustain a seller's market once the federal government is paying for it.

Third, ultimately the whole purpose of the health savings accounts in which will migrate ultimately into Medicare is to maximize personal involvement in your own care, to give you a psychological reason to believe that it matters to you and everything I know about in modern medicine is the earlier we detect things, the earlier we teach you self-management, the earlier we get you involved in your own health, the longer you live, the fewer illnesses you have, and the cheaper you are. Now I can show you study after study that shows that it doesn't work out in terms of the way CBO and OMB do scoring but as I said I think that's because their scoring models are stunningly out of whack with reality. That's my view.

Mr. Fazio: I just want to comment. Janet said this was the year perhaps to get together on Social Security. It's unfortunate we missed the opportunity really to get together on healthcare reform, Medicare, pharmaceutical benefit expansion. There's no question that bill was a political liability for the Administration. They got no credit on the right who thought it was inappropriate and too expensive and none on the left because of the way that benefit was provided. We're going to have to revisit all these issues again and we are so hung up on what kind of delivery model we like versus the other guys. We are overlooking the Tsunami of healthcare cost that is coming at us inexorably

and we cannot do so much longer. It's going to take however in this area the same sort of bipartisanship. We've long known that the healthcare system was in far greater crisis than Social Security and we have the same sorts of issues. In fact I'm very happy to hear Bill Thomas try to inject the healthcare subject into the debate because they're really connected.

The real crisis in retirement is we have too many people relying too heavily on Social Security and not independently capable of living a decent retirement. We have a lot of work to do in this area and the way we're going we're just not capable of getting to the answers that the public really deserves.

Question: Features in American politics the last few years has been the complete absence of a presidential veto of anything passed by Congress. Does Congress need the discipline of presidential vetos?

Mr. Gingrich: I think it does. I think its been a significant mistake on the part of the Republican leadership to not be willing to send bills down to get vetoed because the amount of pressure the Speaker and the Senate Majority Leader can bring to bear to get to certain spending numbers is totally different than the amount of pressure a president can bring to bear. And that's one of the things I suspect you will see break down this year.

Ms. Hook: I have to say I've been puzzled by this first term where Bush has exercised no vetoes and the rational of the White House gives is that we're such good negotiators we get Congress to do what we want so we never have to veto them. I think that's real revisionism. I think it works both ways. On the one hand their lack of willingness to exercise is the veto means that it's not worth as much. And yet toward the end of his first term Bush was getting enough flack from fiscal conservatives about this that he started strutting around and threatening to veto the highway bill and what we have is no highway bill and I don't know, maybe that's a way to save money.

Mr. Fazio: Well I think there has been a compact between House leaders, Senate leaders as well, and the White House not to expose each other to criticism, not to leave each other in a vulnerable position either because the public really wanted that bill that was vetoed or because the Congress didn't want to be posed as spendthrifts or in some manner out of sync with the Administration's philosophy. I think as Newt says that's likely to break out into a more public, more traditional sort of conflict, the kind the Democrats and their presidents never hesitated to have. I remember Jimmy Carter's term and his relations with the Congress.

This is also part of the strength of leadership though. When Danny Hastert says "We've gotten all we can get from the President, let him have the bill this way," he gets it and there is no descent. I mean if you're Chris Smith and you're unhappy about the veteran's number you're god, no matter how solid a right-to-life supporter of the Administration and the Congress leadership you've ever been, you buck the leadership you're god.

I do think the President also had round heels on some occasions. Many people thought that the Sarbanes-Oxley bill would be slowed down and fixed on route to his desk.

Mr. Wolfensberger: What's that one about?

Mr. Fazio: That's the amendments to the SEC's laws and all the other things to require more financial reporting and effective auditing in our private sector and our public companies. The President signed that and he signed any other bill including BICRA, the Campaign Finance Reform Bill, that he knew the public was for. He had his priorities and they didn't extend to a whole list of bills that might come down from Congress. He was going to get out of the way and wave the cape and let them go into law. He was desirous of never giving the other guy a short at him on an issue that they had the public majority.

So he's been reelected. I don't think he'll be any more inclined to do that in his second term than the Republicans will be to kowtow to his number crunchers in Congress.

Question: Given the fact that the Democrats bought into the incumbency protection policy of redistricting along with the Republicans do you think it's ever going to be possible for the Democrats to retake the House and if so how are they going to do it?

Mr. Fazio: Well I think it will depend of course on broader issues and how the electorate decides to ally politically to deal with them and could take a longer time than it might have in the past as you've heard my earlier comments. I do think the movement toward some other method of selecting the people who will actually do the reapportionments is probably a movement that's going gain some strength. I hate term limits but I understand the arguments about people who may stay too long. A more healthy competitive political environment in which districts don't cement one party or the other is probably what the public would like to see more of. We have it in Washington state and Iowa. Arnold Schwarzenegger is proposing to have retired judges do it. I'm a little nervous about that because I've learned that retired judges just as active judges remember who appointed them.

But the point I would make is that there is going to be more grassroots and maybe more bipartisan willingness to look at commissions to do reapportionment if they can be fairly constituted. That might speed up the time clock a little bit on when the public's changing political views might be registered in legislative halls.

Mr. Gingrich: I would say the odds are not trivial that the Republicans could lose the House either in '06 or in '08. The size of the margin is not big enough that you can comfortably say that incumbency is going to protect it and again I think there's a tendency to overstate the value of incumbency. A lot of people have spent millions of dollars on races and lost. So it's very possible for the country to say I saw all your ads and frankly I wasn't sold. And I think what the Republicans have to worry about is the economy, have to worry about Iraq, and they have to worry about not making a series of mistakes which leads their own base to repudiate them. But if you ended up with people angry in a Perot kind of sense in the '92 cycle you'd have the Republican Party in significant trouble in '06 or '08.

Question: Speaker Gingrich, you said after the 1994 elections that if the Republicans went back to doing business as the Democrats have done for the past forty years that the Americans might move to a significant third party. My question is a two-part question. One, are we now back at that situation where people fed up with petty bipartisanship and so forth; and two, do you think, I'd like to hear both you and Vic respond, do you think that having a significant third party is necessarily a bad thing?

Mr. Gingrich: I think in the long run third parties are very useful signals of discontent. You see them emerge when neither of the major parties is meeting a particular need. With the exception of the collapse of the Whigs and the rise of the Republicans they've always been a signaling mechanism because one of the two parties figures out pretty rapidly I think I better absorb the third party and then you combine the energy of the existing party and the third party and that's what often creates either a temporary majority depending on the circumstance. I wouldn't want to be overly dogmatic about that.

My sense is actually and this may be coming just before the Democrats elected their chairman, this may surprise Democrats. My sense is the Democratic Party is actually pretty vibrant right now. I don't think it's in a psychological pattern where you get a third party. I think you're more likely to get very very competitive. If you look at an Evan Bayh or a Mark Warren or Ben Nelson, there are people out there who can communicate and create an acceptable centrist Democratic Party which if it was running candidates who came from that position would be very formidable in 50 or 60 seats that the Republicans might think are safe. And they haven't found their version of go-PAC, they haven't organized their version of a conservative opportunity society, so they're not organized yet and the pressures of their party may get harder than our party did for a lot of reasons.

But I don't sense that we're in a third party cycle right now, although we could get to that point if for some reason the President and the Congress alienated the right in a way where the right clearly couldn't move towards the Democrats. Then you could get not a Pat Buchanan but you could get somebody on the right. I don't sense any of dynamic right now. I don't sense a third party cycle right now. I sense a much greater likelihood of Democrats trying to find a way to get back to the center and the Republicans running a risk of becoming vulnerable to acceptable Democrats.

Mr. Wolfensberger: In your own planning for the '94 elections didn't you consciously look to the Perot voters, especially to the focus groups that Frank Lunz did and in reaching out to them and trying to sort of co-opt what that party stood for?

Mr. Gingrich: My model is very straightforward. Reagan defined modern conservatism, the '94 campaign brought it to a majority, the Bush '04 campaign widened and deepened that majority and we're now going to find out whether or not we can expand it dramatically. So we start with a premise that what had happened in '92 was a fluke. Almost all of the Perot voters were dissatisfied Republicans potentially. But they were so dissatisfied, there was a very high likelihood they were going to stay home and say we're not going to go out. It's like California. When they had the vote for governor as Gray Davis was being recalled the two Republicans got 61%. Now granted I mean Arnold Schwarzeneger is a very moderate Republican but so is Pete Wilson. The idea that you could have 61% of California's vote go for the two Republicans was I think it's fair to say unthinkable six months earlier. And so I start from the premise we looked around and said, but by the way there's a long history going back to the 1930s of a reform Republicanism, that prior self-destruction of 1958 was a very deep part of California's ethic. So there are patterns out there.

I'm just saying to you we knew consciously in '94 that we had to do two things. We had to field candidates in sufficient numbers with sufficient resources to be an alternative. And we had to be very positive about 70%+ issues so the Perot voter when they looked up said, "Oh, they're not

normal politicians, they're not being mean and nasty." The result was the largest one-party increase in an off year in American history. We went up 9,000,000 votes. The Democrats went down a million. And it was that swing of 10,000,000. And the reason I've always been a fan of big national elections is you can't design 200 campaigns. Again you do a swing of 10,000,000. You have to design a national media system. And by the way our national media happens to reinforce that. And so when I'm a Republican thinking about '06 and '08 the first thing I worry about is if we have a national wave going against us we'll lose 16 seats. People should not kid themselves. At the margin these seats come and go and despite reapportionment and despite all the incumbent advantages and despite all the money—you give me Rush Limbaugh and Sean Hannaty and Fox News on the warpath and the *Wall Street Journal* editorial page on the warpath and I'll give you $50 million and we'll see at the end of six months who shaped American public opinion.

Mr. Fazio: I would agree with almost everything Newt has said on this point. I do think using California as an analogy that we can take some comfort in is perhaps an accurate, that is a particularly fragmented media-driven electorate that will have more dynamic within it than in most states. But I do think his major point about the third party movements really influencing the behavior of the two parties is a constant in American history and Perot is perhaps the most effective, maybe Nadar four years ago had some in fact, but the point I would make is the parties today are far more cohesive and internally together. Republicans and Democrats have much smaller, as Sarah said earlier, fragments of moderates or conservatives in the case of the Democratic Party. That's because we've lost a lot of those seats that used to be Democratic economically, maybe socially conservative. The two-party system is pretty much at stasis right now. So it really will come down to which party is the quickest to pick up on social trends that they can then bring in and adopt to determine whether they have a successful majority in their future. That's where we do need leadership and we also need the structure. The Democrats are rigorously striving to put together. I know their race for chair doesn't look particularly good to outside observers. But we know we are going to get our act together. The same fervor that was involved in the last campaign has not lapsed. Sure there's disappointment but there's even more resoluteness. The thing we have to remember though, as the two parties have become more cohesive, the independent vote has grow. Party registration has not been growing. People who decline to stay. Those are the people who we both have to look to for our future majorities in Congress and in every other election. It's hard sometimes to determine what consistent views those people have because their views are often as would be case made of a little bit from here and a little bit from there. Maybe there's a libertarian streak. They're not of a mind; they're not a block. But a major portion of that block will determine who wins elections.

Question: They're suggesting, it was even senator to make a suggestion answering your question about what Democrats and Republicans perhaps could work together and it is part of President Bush address made on the 20th of January. When he mentioned in his speech emphasizing liberty, freedom and justice that America would give an example so as to have everyone here have a stake in the wealth of the nation. So Senator Newt Gingrich as an historian probably knows very well that in 1795 one of the main ideologues of the American and French Revolution has put so clearly why should every person in each nation have a stake in the wealth of the nation? This was written by Thomas Paine in 1795 in his sort essay *Agrarian Justice*. Well more and more in the world this has been a matter of study and you have a tremendous experience and results in the history of America. Many people today was impressed by the declaration of the Iraqian leader of the resistence against

America. They are saying that democracy is no good. Well, the United States must show that democracy is good in order for everyone to have a stake in the wealth of the nation.

Last year Paul Bremer III in Jordan on the 23rd of June said that he was thinking of giving a suggestion to all Iraqians to have a stake in the wealth of the nation by starting the experience of the Alaska Permanent Fund Dividend System. That is a very successful system. I have been studying this system and I have proposed for Brazil to have a citizens basic income for all 182,000,000 Brazilians. This was finally approved. The creator of this institute Daniel Patrick Moynihan once as a Democrat helped a Republican president to define the Family Assistance Plan that would guarantee that but it was not approved that he had designed.

So my question is perhaps you could have an agreement on that. Perhaps you should study very well and make like the Republican governor J. Hammon did in 1976 when he asked all 300,000 inhabitants of Alaska, "Would you like to have this fund and to have everyone participating in the wealth of this state?" And 2-1 everybody said yes.

The same thing could be done in Iraq. This will help a lot to have the process of peace being instituted there. But it would also be a very good idea even better than the earned income tax credit is the unconditional basic income and there is a hell of a very positive experience. Why is that so? Because Alaska in the past twenty years because of the Alaska Permanent Fund Dividend System has become the most equal of the fifty American states. It's a very positive experience. And you could have an agreement on that.

Mr. Wolfensberger: Thank you. We might get different ideas as to how to give everyone a stake but Newt do you have any comments?

Mr. Gingrich: I certainly agree with a large part of what you're saying. I've been trying to encourage the Administration for the last year and half to apply the Alaska model directly to the Iraqi oil partially because it is in our interest to move the money out of the politician's hands and get the money to individuals. The more you centralize, this is why Jefferson was so anti big government. Jefferson had watched the corruption of the British crown in the 18th Century. And Jeffersonian frugality was actually an effort to minimize the opportunity for the government to be corrupt. A very deliberate reaction to the lessons of the 18th Century. So I think anything we can do—I'm actually looking at a model right now for foreign aid which would rely on tax credits to maximize American involvement overseas rather than government-to-government grants of money for the same reason. I think you want to move things away from the politician and away from the bureaucracy and back to the people.

Mr. Wolfensberger: David Kyvig in the back on the right.

Mr. Kyvig: Thank you. We started out talking about the impact of *The Contract With America*. George Norris in sponsoring the 20th Amendment thought that he had brought an end to lame duck sessions of Congress and in the last ten years we have seen more lame duck sessions than we had since the 1920s. Some of those lame duck sessions have had very important actions taken. Earlier mention of the Omnibus budget that was adopted most recently but also the post-1998 impeachment of President Clinton. I'd be interested in your views in light of your various comments on the way

Congress has operated in the last ten years. Why lame duck sessions have returned to the American political landscape and what you think the prospects for more of this might be?

Mr. Wolfensberger: Was the NAFTA vote a lame duck session?

Mr. Gingrich: I don't remember. I don't think it, it was in September I thought.

Mr. Fazio: Ended up doing intelligence reform in that context. I think I would say, it goes back to my comment about rolling all the appropriations bills together. There is a risk averseness, a desire to force tough votes before an election. What better time than right after an election. Make all the tough decisions then and hopefully twenty-four months later nobody will remember that. You know six months is about as long a time frame as I think the electorate can focus. They move on to other issues.

But its also the institutional predilection to sort of do your all-nighters. Do your homework at the last minute. We are inevitably forced to compromise when we absolutely have to. What used to be the case is we'd have to do this all in October leading up to the election. And it was not easy. It was not always pretty. And it often had an electoral outcome we thought. But now it's much easier just to let things slip. Put the hard ones off. Make the difficult votes that might actually illuminate the voters occur when they're least able to react to them. I think it's a very bad trend. I think Norris was right. And I think we'd be better off if we would go back to regular order on a lot of the processes that have gone awry.

I'm not saying we ever need to go back to the strong committee chair and the weak Speaker. I think we've seen what that has done to my party's chance to maintain its majority. I do think the direction Newt went in with task forces in lieu of committees making decisions, the strengthening of the Steering Committee and all we've talked about was excessive. We're coming back to better equilibrium at least in terms of committee and executive leadership power. But I do think we need to go back to regular order on process and this would be one of the more fundamental things.

Mr. Wolfensberger: We started a little bit late. Time for one more question and then we'll continue the conversation outside at the reception.

Question: Speaker Gingrich, you kind of addressed this in your remarks earlier but what do you say to the point that *The Contract With America* and its legacy have been rendered almost meaningless from a budgetary perspective by the huge increase in non-defense discretionary spending over the last few years even before 9/11. The farm bill was mentioned. There was also the No Child Left Behind Act. And what does that suggest to you about the willingness of the party to tackle tough issues on the entitlement front, on the tax reform front, especially since the margins as you said earlier aren't very good in the House.

Mr. Gingrich: What it suggests to me is that you're going to have increasing pressure from the right to get back to a balanced budget and the right in this sense is very broad. When we were doing surveys of balanced budget in the mid-nineties it was about an 85% issue or 87% issue. People believe they have a deep, instinctive moral belief that balancing the budget is good. And part of it is it's just practical. If politicians know there's a limit, they can say no. If there is no limit why don't

they add yours? And so if you have any hope of bringing government under control you have to set some kind of pattern of limitations. And I think you're going to see a great deal more, can't talk about it now.

I'll also say that I believe unless you transform the health system you can never balance the federal budget because health is the largest single driver of government spending at the state and federal level. And so a little bit of what Bill Thomas was telling me yesterday was fascinating in that if you really look at everything related to aging, not just Social Security, you have a totally different equation than if you try to deal with these things in a disaggregated way. And I've been trying to say to people in the Administration and up on the Hill, unless they have a—I don't say that the two budget committees ought to create a joint task force on health transformation because that will drive everything else the two committees try to do.

And to put in one last plug, in *Winning the Future* I have a section on balancing the budget and I try to lay out the lessons I think we learned in the mid-nineties on how to do it and some changes I would make starting with something as simple as including in the budget resolution an average of the previous three years supplementals. Because this notion of a budget resolution, oh by the way we know going in we're going to have $70 to $120 billion extra, no family could run their family budget that way. You'd eventually figure out if the roof is going to leak every year I'd better put X dollars in for fixing the roof. Or if I'm actually going to have to change the oil, maybe I had better put money in for changing the oil as opposed to "Oh my gosh, this is a supplemental." And I think supplementals are peculiarly bad when it comes to defense because they just wrench the system apart. You have top leadership spending an amazing amount of its time churning numbers.
Mr. Fazio: It's pretty hard to keep restraint on a Republican Congress when the Vice President has said very clearly, "deficits don't matter." I mean when you're ideologically committed to tax cuts regardless of affordability it's hard to think that somehow by dealing, as we have not, better with discretionary spending on the domestic side would make much difference. I mean that's been an increase admittedly double what had occurred during the period when Bill Clinton was in his last term. But the driving desire to cut taxes before everything else has added to the fuel of those who want to spend more money in the appropriations process. But Newt is right. It's in the entitlements. Social Security, Medicare and all the rest. And there to fix it you have to do things that people don't like. You have to make people unhappy. Deficits are only theoretically unpopular. When you start to fix them it's very unpopular as we learned in 1993 as the Republicans feasted on us, having to come up with a package to balance the budget. The results are evident to everyone, or were at least until recent years, but the political ethic that's required to make those tough decisions is rarely found in the legislative process. It doesn't happen on a regular basis in the congressional budget process. It takes the belief that there's an overriding problem to solve. And I'm afraid when people in important places don't veto bills and say deficits don't matter, how can you ask the rank and file to make those sacrifices?

Mr. Wolfensberger: We'll let that be the best word. It's been two hours exactly. And with that we'll adjourn for the reception. Please join me in thanking our panelists for being here today. [applause]