

# Working Lunch

Wisdom...is social. She seeks her fellows—Thomas Jefferson

## Frum the Right

*David Frum, a Harvard educated lawyer, is one of the most iconoclastic and outspoken pundits in Washington. From an almost universally admired book about the culture of the 1970s to a sometimes snarky, always perceptive, daily journal for National Review Online, his writing has won fans all across the political spectrum. Between 2000 and 2002, Frum served as a speechwriter in the Bush administration. Currently, he is a fellow at the American Enterprise Institute. His next book—the first major memoir to come out of the Bush White House—will appear in the first week of 2003. He spoke with TAE senior editors Eli Lehrer and Karina Rollins in his office at AEI.*

**TAE:** What's your assessment of how well President Bush is doing on the war on terror?

**FRUM:** He has probably fallen below the standard of perfection but we don't ask for perfection. The country has a degree of foreign policy consensus unlike anything that any living person has ever seen. Although I'm sure there will be many setbacks and disappointments along the way, I think he has brought the war to the enemy. He will successfully destroy the terror regimes and he will track down and find and kill the authors of the September 11 attacks.

**TAE:** You have a new book coming out in January called *The Right Man: The Surprise Presidency of George W. Bush*. Can you tell us about it?

**FRUM:** The book is a character sketch of President Bush, told from the point of view of someone who got to know him only at the time of the election. I had not

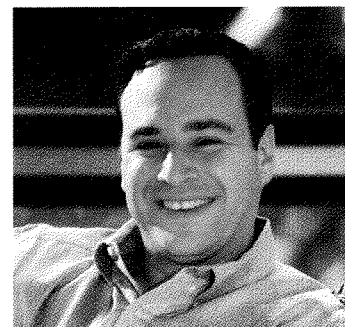
worked on his campaign, I hadn't had a connection with him beforehand, I had absolutely not expected to be working for him. I had a lot of hesitation about taking the job. So the book is a story of him, but it's also a story of how one person changed his understanding of Bush and came to feel respect for this President as the right man for this job in this time.

**TAE:** Do Americans have the backbone for an extended war on terror, and will they be willing to make sacrifices?

**FRUM:** Yes! Emphatically yes. In many ways the sacrifices and risks that are going to be demanded of them during the war on terror are much less than those demanded of them during the Cold War. President Bush is asking Americans for about 4 percent of the gross domestic product for defense and security. During the Cold War they paid, at various points, two and a half times as much. The risks are nothing like the risks Americans faced between the 1950s and 1980s, when their cities were targeted by weapons of megadeath. Americans have proven themselves superbly resilient, very patient, and very brave.

**TAE:** You recently wrote that, "September 11 killed the race card in the U.S. and has made it more patriotic in general." How steadfast is this patriotism? Many would say that the newfound unity after 9/11 has already begun to crumble.

**FRUM:** The mood after 9/11 was so exalted and so unusual. Obviously, you cannot live forever in that kind of intense patriotism. We had to get back to politics as normal in which the actions of the government are constantly held up to



scrutiny. As to race, I think you see that the two African-American candidates who tried to get ahead by unscrupulous means—Cynthia McKinney and Earl Hilliard—were both repudiated in primaries in overwhelmingly black districts. They were replaced by other liberal Democrats but not people who are not into the racial nationalism that McKinney and Hilliard tried to appeal to.

**TAE:** You wrote in another recent article that the Muslim community in North America must be "the first line of defense against Islamic terror." But will this happen? The Yemeni community in Buffalo turned in six terror suspects, but it split their whole community. What other evidence is there to believe that Muslims in the U.S. will, indeed, be this first line of defense?

**FRUM:** I didn't say they will be. I said they must be. I am somebody who does not believe in the "Conflict of Civilizations" explanation of this war. The evil ideas of Osama bin Laden have as much Western as Eastern provenance. That Muslims have moved to the West means that they like things about the West that are deeply connected to Western values. Choices are going to have to be made. We have to jettison this multiculturalism of the 1990s that says "All beliefs are equally valid; all cultures and all ways of doing things are just as good." We do need to reaffirm what we believe in.





# Modernize America While Rescuing New York

By Karl Zinsmeister

The new Republican government in Washington will find it easier to accomplish great things if it can draw new constituencies to its agenda. Here's my suggestion for a perfect place to start. It offers Congress and the President a chance to solve two serious public problems in a single blow.

Problem Number One is the economic damage wrought by the 9/11 terror attacks. New York City in particular was zapped—to the tune of as much as \$95 billion in lost wealth, 146,000 lost jobs, and a \$6 billion deficit looming for 2003, according to the city comptroller. For obvious reasons, the politicians most worried about this are liberal Democrats like Hillary Clinton and Manhattanite Charles Rangel, top Democrat on the House Ways and Means Committee. But there are stakes in this for all Americans: After all, New York was damaged in an act of war. And if the city falls into a financial crisis, as is now distinctly possible, that could drag down the entire national economy.

Problem Number Two is the looming bankruptcy of our Social Security system. In little more than a dozen years, Social Security will start to gush red ink—to the tune of tens, and then hundreds, of billions of dollars. Without bold reform, we'll either have to hike payroll taxes by 50 percent, or cut benefits by over a quarter. The sooner we get started on a fix, the less painful the financial math will be.

A very different set of politicians is pushing for Social Security reform. In the last election it was Republicans like

Elizabeth Dole, Jim Talent, Norm Coleman, John Sununu, and Lindsey Graham who promised new personal investment accounts that would let future recipients tap the power of long-term investing. Democrats kicked and screamed.

Of course, the Big Daddy of advocates for personal investment accounts within Social Security is President Bush. He ran prominently on that issue in 2000, and one of his early acts as President was to set up a commission under Pat Moynihan and the current CEO of AOL Time Warner to further promote the idea. Mr. Bush would love to update Social Security as his great legacy to American social history.

Which leads directly to my magic plan: The possibility of personal Social Security accounts mobilizes Republicans. New York's urban financial crunch motivates Democrats. So why don't we connect those two dots?

Keep in mind that the locomotive pulling the entire economy in New York (and many other big cities) is the investment industry. As former New York mayor Ed Koch told me a few months ago, "Wall Street is to New York City what steel was to Pittsburgh." The financial services sector is the largest employer in the New York metro area, and accounts for more than half of the city's job growth, earnings increases, and tax revenue jumps in recent years, according to the office of Democratic state comptroller Carl McCall.

Since about 40 percent of all American investment activity takes place in New York City, I suggest the best thing politicians could do to put terror-damaged New York back on its financial

feet would be to fire up our investment economy. Specifically, Hillary, Charlie Rangel, and other liberals should stop kicking and screaming, and embrace personal Social Security accounts.

Do the math. It's estimated that, given a chance, Americans would open up 50 million new investment accounts with part of their Social Security withholdings. Assuming they re-channel \$1,000 per year into such accounts and earn the historical average for stock and bond funds, Americans will build up a collective nest egg of more than \$700 billion within a decade.

That will be very good for everyday citizens seeking a piece of the American dream of long-term wealth. It will *also* be very good for the Wall Street firms who manage our private savings—guaranteeing a healthy private sector in New York City. Helping Manhattan recover from its al-Qaeda wounds that way surely beats a charity bailout.

Offer millions of everyday workers a chance to become capitalists for the first time in their lives, and you'll thrill Republicans. Give a big boost to the urban economy in New York (as well as Boston, Philadelphia, San Francisco, and other cities dependent on the financial services industry) and you'll please Democrats.

Here is a chance for liberals and conservatives in Washington to join together next year and kill two big, bad birds with the one mighty stone of Social Security reform. What're we waiting for?

Karl Zinsmeister is editor in chief of *The American Enterprise*.

