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THE KEMP PHENOMENON

No one accuses this Republican of dodging the issues.

Of the 435 members of the U.S. House of Representatives, the number who have major policy influence outside their own committee turf can be counted on the fingers of one hand: the Speaker, the Majority Leader, the Minority Leader . . . and Jack Kemp. What is surprising about Kemp's appearance on this list is that House members are simply not supposed to get the kind of media attention that makes such policy influence possible. Not only are they generally ignored by the media when they address issues for which they have no committee responsibility; the folkways and *mores* of the House itself strongly discourage them from doing so.

So Jack Kemp, the seven-term congressman from suburban Buffalo, is a very rare bird indeed. One of the architects of the supply-side tax cut of 1981 and of "enterprise zone" legislation, he is not a member of the Ways and Means Committee. One of the most outspoken critics of the Federal Reserve Board and advocates of a return to the gold standard, he is not a member of the Banking, Currency, and Housing Committee. Without being a member of the Foreign Affairs Committee he has served on a number of international bodies, most recently as senior counselor to the Kissinger Commission on Central America. And who but Kemp could have convened a "Pre-Williamsburg" international monetary conference last year numbering among its participants Secretary of State George Shultz, former Secretary Henry Kissinger, Treasury Secretary Donald Regan, the former Governor of the West German *Bundesbank*, and a dozen or so of the most eminent economists in America?

More obviously but equally odd, Kemp is a political powerhouse—on everybody's short list of the leading contenders for the Republican presidential nomination in 1988. What other House member in recent times has loomed so large in the presidential sweepstakes? Morris Udall ran a decent race in 1976 but was never regarded as anything but a long-shot. Wilbur Mills dropped out of the 1972 campaign almost as soon as it began. You have to go back half a century, to John Nance Garner of Texas, who as House Speaker in 1932 made it all the way to the convention in his contest with Franklin D. Roosevelt. In fact the last time a man who had forged his reputation in the House won a presidential election was 1896—William McKinley—and even he was a governor at the time of his nomination. So the House has been anything but a breeding-ground for potential Presidents. Why then Jack Kemp?

His beginnings in elective politics, in 1970, were by no means auspicious. Running in a marginally Republican district against an obscure local official and a badly split Democratic party, enjoying enthusiastic White House aid and professional campaign management, Kemp just barely managed to squeak through with 52 percent of the vote. But that was his last close race. From 1972 on, he has never received less than 72 percent and has averaged 79 percent. (Republican presidential candidates running in Kemp's district in 1972, 1976, and 1980 averaged under 55 percent.)

But while a strong home political base may be necessary for eminence, it is hardly enough. The House office buildings are full of people who regularly win re-election by huge margins and who run well ahead of their parties in doing so. Nor is it a matter of adding intelligence, energy, and ambition to electoral success in order to achieve the degree of political power Kemp now enjoys. There are others, even if not many, who could play with him in that league yet who remain unknown outside Washington and their own constituencies.

One advantage that Kemp did enjoy over other aspiring national politicians was his football fame. As an outstanding professional quarterback—an American Football League all-star and MVP who led his teams to three AFL titles—he had the kind of name-recognition only a handful of newly minted politicians have ever had. So, once elected to Congress, it was easier for a Jack Kemp than for a Joe Doaks to gain the media's attention.

But even that will not do as an explanation of Kemp's present stature. In fact he languished in low-seniority obscurity for his first couple of terms in Congress, a period long enough for his football fame to have faded. And when he finally did vault to national *political* prominence, his springboard was an idea—an idea whose time was soon to come. That idea, of course, was supply-side economics and its policy incarnation the Kemp-Roth tax cut bill of 1977.

Kemp's first venture into economic policy-making had come two years earlier with an investment-stimulus bill he called the Jobs Creation Act. In essence it was a Republican alternative to the execrable Humphrey-Hawkins bill, and Kemp eventually succeeded in rounding up 136 co-sponsors for it. At first no one thought of it as anything particularly new in the realm of economic ideas: Its thrust was to offer tax incentives to business as a stimulus to investment and thus job-creation (the late Congressman Bill Steiger of Wisconsin had persuaded the party to include a similar idea in its 1972 platform). But Kemp's proposal began to take on new theoretical weight when a young economist—Paul Craig Roberts—joined his staff in 1975.

In September of that year, an article by Kemp appeared in the *Washington Star*. Drafted by Roberts with help from Norman Ture (later to be

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Treasury undersecretary in the Reagan Administration), it offered a supply-side rationale for the Jobs Creation Act and called for a cut in marginal tax rates on personal income. The piece brought Kemp to the attention of the *Wall Street Journal*'s Jude Wanniski. After several meetings during which Wanniski and economist Arthur Laffer satisfied themselves that Kemp really did understand supply-side principles and was ready to do battle for them, Wanniski began to use his position as a *Journal* editorial writer to portray Kemp as the leader of a veritable revolution in economic thought.

The six-term congressman from Buffalo became a national figure. Time and again he met the press and faced the nation.

And so Jack Kemp was no longer an ex-football player turned obscure congressman. He was leading the fight for an economic program that had the support of the nation's most influential newspaper. He not only succeeded in getting it adopted as Republican party policy in Congress and actually having it passed by both houses in 1980 (though vetoed by President Carter); he won its acceptance as an unbreakable campaign promise by the man who was to become President in 1981. Kemp-Roth thus became the centerpiece of the Reagan Administration's Economic Recovery Tax Act of 1981, and supply-side economics became public policy.

In the process the six-term congressman from Buffalo became a national figure. Time and again he met the press and faced the nation. The heaviest hitters in the print media—*Time, Newsweek, People, U.S. News, Business Week, Reader's Digest*—all did feature pieces on him. More important, they began to listen to what he had to say on subjects other than tax policy. This was crucial. For while there are quite a few House members with thoughtful and informed views on matters outside their own committee jurisdictions, the national news media could hardly care less. But Kemp *mattered*; Kemp was *news*.

Then the political buildup began. People started talking about him as an eventual Republican presidential nominee. They had him running for the U.S. Senate or the governorship in New York as a next step toward the White House. When he declined to do either there was some muttering about political "cowardice," but his place as principal rival to George Bush for the presidential nomination in 1988 (or 1984, for that matter, if Reagan had chosen not to run) remained secure.

Today, Kemp's major policy concerns are taxes and economic growth, monetary reform, and Central America. The first and last of these have been at the center of this year's presidential campaign and no one, apart from Mr. Reagan himself, has been a more effective spokesman for the Administration's positions on them. What makes this point especially interesting is that Kemp has sharply dissented from the Reagan line on a couple of key issues. Most visibly, he broke with the Administration on the 1982 tax increase package that added $92 billion to America's cumulative tax bill over a three-year period. For this act of *lèse majesté* he had to endure a hailstorm of angry epithets from unnamed "high Administration officials" of which "grandstanding" and "disloyalty" were only the mildest. Less widely known is his refusal to go along with Reagan's pet fiscal panacea, the Balanced Budget Amendment. Kemp says flatly, "I don't believe a useful and workable amendment can be devised." What has saved him from a scourging similar to that of 1982 are his reticence on the subject—he doesn't hide his opposition but doesn't trumpet it either—and the fact that the President is practically alone in his Administration in genuinely supporting the idea; hence the usual angry swarm of HAOs has been content to let this heresy of Kemp's go unpunished.

His most heartfelt support of Reagan this year has been on the tax issue. He utterly rejects the near-universal idea that only a broad general tax increase can bring the budget close to balance over the next four years. On the contrary, he argues, any tax increase that might accomplish this would have to be so large as to choke off the present economic recovery and return us to the stagflation that led to high structural deficits in the first place. As he pointed out in a recent "Meet the Press" interview, revenues through the first three quarters of the current fiscal year have been rising at a 14 percent rate while expenditures have been going up by only 4 percent. And that, Kemp insists, is the formula for eventually bringing the budget into balance. The goose that lays the golden egg in our economic system is economic growth. Those like Mondale and his "pragmatic" allies in the Republican party who argue for massive tax increases will only succeed in wringing its neck. In that spirit, Kemp and his allies Trent Lott of Mississippi and Robert Kasten of Wisconsin succeeded in adding tough anti-tax-increase language to the Republican platform ("We therefore oppose any attempts to increase taxes, which would harm the recovery. . . . We categorically reject proposals to increase taxes in a misguided effort to balance the budget"). This may have been more of a good thing than the President really wanted—or so his Platform Committee liaison, Drew Lewis, indicated—but there can be little doubt that those sentences sing his heart's own true song.

The other side of the tax coin for Kemp is tax simplification and reform. Along with Senator Kasten he is author of one of the two most favorably regarded plans for achieving these elusive goals. Kemp-Kasten, like its Democratic counterpart, Bradley-Gephardt, aims at sharply reducing marginal tax rates in exchange for eliminating most of the preferences and exclusions that riddle the present tax code. But while Bradley-Gephardt would retain some degree of progressivity—taxing higher incomes at higher marginal rates—and would make no change in the corporate tax structure, Kemp-Kasten proposes a single flat rate on all personal income above the poverty level and drastic simplification of the corporate tax code as well. There are several other important differences, but the essential point is that Kemp has once more staked out a leadership position on an issue that is likely to be one of the most hotly debated on the next Congress's agenda. How close he comes to success will depend first on the outcome of the 1984 elections and, second, assuming Mr. Reagan's return to office, on the President's own enthusiasm for this sort of reform.

In the drafting of the Republican platform, Kemp and Kasten pushed hard for endorsement of their plan, but the committee chose to heed Drew Lewis's insistence that Mr. Reagan needed more flexibility on the fearfully complex issue. So the language finally agreed upon sketches the outlines of the Kemp-Kasten bill (though without naming it) and lauds it as "a promising approach."

Kemp's major economic initiative other than the two tax packages has been his co-sponsorship, with liberal Democrat Robert Garcia of New York, of "enterprise zone" legislation. This would provide seed money in the form of low-interest loans and tax incentives for entrepreneurs to establish businesses in our inner cities. With the blessing of President Reagan, a bill similar to Kemp-Garcia twice passed the Senate this year but has been blocked in the House by Ways and Means Committee chairman Daniel Rostenkowski and Speaker Thomas P. O'Neill.

Two things about the bill, apart from its obvious merits, offer insights into Kemp's political and economic ideas. One is his no-nonsense appeal to blacks to vote Republican on strictly self-interest grounds. His message, expressed most forcefully in a speech to the Urban League last July, is that *only* economic growth offers a realistic prospect to poor blacks and other minorities to break out of the poverty cycle—and only the economic policies of the Reagan-Kemp wing of the Republican party can promote economic growth. The point here is how different Kemp's approach is from either the handwringing, outpromise-the-Democrats line of the liberal Republicans or the write-them-off-we-don't-need-them mutterings of

the country club set. Not surprisingly, Kemp is far and away the conservative with easiest access to the black leadership.

The second thing about his enterprise zone legislation that sets him apart from many conservatives is what it shows about his willingness to use the federal government—in this instance the tax code—to solve social problems. Note that the issue is not one of removing governmentally imposed disincentives but of actively providing incentives to get people to do what, under present circumstances, they are unwilling to do. Conservatives of a libertarian bent find this sort of thing deplorable, preferring to equalize competitive conditions for everyone and then letting the market do its work. But in Kemp's view, certain social problems are so exigent, so unamenable to market solutions—unemployment in the inner cities being a pre-eminent example—that efforts to solve them simply can't wait for the working out of market forces. Such unembarrassed acceptance of an important role for government in the economy is one reason why Kemp prefers to describe himself as a *populist* conservative.

Monetary reform has long been almost as close to Kemp's heart as tax reform. Since at least 1978 he has been a strong advocate of some form of return to a gold standard—in his words, "to define the U.S. dollar again as a fixed weight of gold, and to provide for the convertibility of Federal Reserve notes and credit into gold on demand." Only in this way, he says, can the international monetary system regain the stability it lost when the Bretton Woods agreement broke down in the early 1970s.

Whatever else such a move might accomplish, it would no doubt greatly reduce the power of the Federal Reserve Board, an agency that Kemp habitually regards with gloomy distrust. In particular, he would love to see it lose its power to set monetary targets and engage in most open-market operations. Indeed, Kemp is actively pursuing direct measures against the Fed, in part because such action is more likely to find support in Congress than a return to the gold standard.

Kemp has already fired several warning shots across the Fed's bow. Back in August 1983 he issued a press release reminding Paul Volcker and associates that "they are tangling with a sleeping giant in Congress" by their persistent high interest rate policies. What infuriates Kemp is not so much any particular interest rate the Fed imposes as the economic theory that underlies its actions, a theory that appears to hold that "economic growth causes inflation and that inflation is caused by too many people working." An inelegant sentence, but you don't have to be an adept at supply-side economics to measure the width of the gulf separating Kemp from Volcker.

Last April, moreover, Kemp and Trent Lott of Mississippi introduced legislation to clip at least a few feathers from the Fed's wings by requiring immediate disclosure of its Open Market Committee decisions and by making the Secretary of the Treasury a member of that powerful committee, thus giving the Administration a direct and influential voice in monetary policy-making. Nothing has yet come of the Kemp-Lott proposal, but it is a signal to the Fed that important members of Congress may no longer be content to issue cautionary press releases.

Most recently, Kemp succeeded (over White House objections) in getting the Republican platform writers to include language that well summarizes his own concerns in this area, though without flatly endorsing a return to the gold standard:

> The Federal Reserve Board's destabilizing actions must stop. We need coordination between fiscal and monetary policy, timely information about Fed decisions, and an end to the uncertainty people face in obtaining money and credit. The gold standard may be a useful mechanism for realizing the Federal Reserve's determination to adopt monetary policies needed to sustain price stability.

We should note that unhappiness with the Fed's tight money policies is by no means confined to the populist-conservative wing of the Republican party: House Majority Leader Jim Wright is only one of the Democrats who have drafted bills to impose stricter controls on that extraordinarily independent agency. Should the day come when Kemp sees no recourse but to launch a full frontal assault on the Fed, he is likely to find plenty of help on both sides of the aisle.

A related policy area in which Kemp does have direct committee responsibility is foreign economic relations, and it has brought him into conflict with the Administration on at least two issues. The relevant committee position is ranking minority member of the Foreign Operations Subcommittee of the House Appropriations Committee; the issues are U.S. support for the International Monetary Fund and certain policies of our Agency for International Development.

Specifically, Kemp strongly disapproves of the IMF's attempts to impose "austerity" on a number of Third World recipients of its loans. A case in point was the IMF's insistence that Jamaica put its fiscal house in order, not only by cutting government spending but, more provocatively, by raising taxes. As if this were not maddening enough to a fervent low-tax man who believes that economic incentives are at least as important in less-developed countries as they are in the U.S., Kemp was further outraged to learn that AID was deliberately withholding development funds as a means of whipping Jamaica into compliance with the IMF *diktat*.

In a strong letter to Secretary Shultz this past June, Kemp denounced the policies of both agencies (as it happens, the annual funding process for both originates in Kemp's Foreign Operations Subcommittee). Pointing out how anomalous it was for AID to pursue a policy in Jamaica that runs counter to the Reagan Administration's official economic policy for the U.S., Kemp said he felt compelled to introduce legislation to "prevent U.S. bilateral assistance from being made contingent on the policies of any multilateral organization"—i.e., the IMF. And he did so, as an amendment to the FY 1984 second supplemental appropriations bill, which the subcommittee approved last June with the addition of a single word. As adopted, the language reads that development aid could not be withheld "solely" as a result of requirements imposed by multilateral organizations. Among those voting for it was Black Caucus leader William Gray of Philadelphia—a Kemp ally on enterprise zone legislation as well.

Kemp's unembarrassed acceptance of an important role for government in the economy is one reason why he prefers to describe himself as a *populist* conservative.

Even before this latest dispute, Kemp had showed his displeasure with the IMF by spearheading a drive to prevent an $8.4 billion increase in this nation's contribution to the Fund. After intense lobbying by the Administration, the increase eventually won congressional approval, but only after Kemp and his allies had kept it bottled up in the House for five months.

But if Kemp has caused the Administration grief on international economic policy (and on the Middle East by vigorously opposing arms sales to Arab countries), he has been a tower of strength on Central America. Having served as senior counselor to the Kissinger Commission in 1983, he not only endorsed most of its recommendations but has continued to blast Democratic opponents of increased aid to El Salvador. Last January, for example, in an op-ed piece for the *Washington Post,* he called it "astonishing" that "some leaders" of the party of Franklin Roosevelt and John Kennedy should have become isolationists in connection with a region so vital to American security interests. And in the Foreign Operations Subcommittee he has fought doggedly for the President's request for expanded aid to El Salvador.

His only dissents from the Commission recommendations were, first, on the section tying military aid to progress on human rights. Endorsing Kissinger's own minority view on this, Kemp remarked on the fatuity of compromising both American interests and the Salvadoran people's chance for freedom because of human rights violations that are trivial in comparison to what would occur if the Communists seized power. Characteristically, Kemp also found fault with what he regarded as the Commission's tilt toward statist economic and social policies, implying "a dependence on central planning and redistribution of wealth schemes which have already done great damage to the economic growth potential of the region." In his own recommendations to the Commission, he had argued strongly for the need to encourage private savings and investment through lower taxes and wider scope for individual initiative.

While not entirely successful in persuading the majority to a supply-side view of Central America's economic needs, Kemp appears to have had more of an impact than has been generally recognized. In one important instance, as Tom Bethell reported in *National Review* last February, it was Kemp's influence that led to a Commission suggestion that expropriated landowners should be "fully compensated" for the land taken from them and that the new owners be given "full and transferable property right to their new land." Neither of these conditions now obtain under the "land reform" system instituted in 1980 at the insistence of the Carter Administration. It is this transferable property right concept that is crucial here, and Bethell is surely correct in claiming that Kemp "is at present the only U.S. politician of national stature to have grasped its importance" in the context of El

Salvador's struggle to survive.

In a recent column musing on the 1988 Republican presidential race, David Broder placed Jack Kemp's name in a list that included among others George Bush, Howard Baker, and Robert Dole. There's nothing startling about that—it's everybody else's list as well. What *is* noteworthy is that Kemp is the only one of that group who could lay claim to the Reagan constituency. If the primaries were held today, all the others would be contending for votes in what might be called the Gerald Ford wing of the party—and Kemp would have about as clear a shot at the nomination as any non-incumbent in recent memory. I will go further. Barring only the possibility that George Bush succeeds to the presidency before 1988, Kemp *will* be the Republican nominee four years hence. Ideologically and programmatically he stands at the very center of today's Republican consensus. Granted, the others mentioned by Broder would far outpoll him among the media people, but that hardly seems a decisive handicap. Kemp is where the voters are, and where they are likely to be for many years more.

Though he falls short of Ronald Reagan as a communicator (who doesn't?), he has several key strengths that even Mr. Reagan lacked before 1980. One is his record of leadership on national issues. A related advantage is that, by the time the primary season rolls around in 1987, he will have had sixteen years of service in Congress. Another is the sense of physical and intellectual energy he conveys. A fourth is the fact that, unlike the pre-presidential Ronald Reagan, his public record is not weighted down with items that could be stigmatized as "extremist." Finally, his populist appeal to blue collar and minority constituencies has been so clear, so demonstrably effective, that no opponent, Democratic or Republican, would have much of a chance to indict him as anti-poor, anti-black, anti-labor, and so on.

A few years ago, in a widely read *Reader's Digest* article, Rowland Evans and Robert Novak asked of Kemp, "Is he the GOP's future?" The answer here is yes. □

Richard Grenier

THE MACHISMO PIETY OF MARIO CUOMO

Well, at least he's not Geraldine Zaccaro.

The telephone on the New York newspaper editor's desk would buzz at 8:30 in the morning. It would be Governor Cuomo himself, friendly, chatty, with the latest inside word from the Democratic pollsters that both Mondale and Hart were dead ducks. Neither could beat Reagan.

How could Cuomo do such a perfidious thing? How disloyal! But loyalty among elected officials is a sometime thing. They stick with their patron (or "rabbi" as it's called in New York) until they see their main chance. What, then, was Governor Cuomo's main chance? Well, you see, Cuomo had this dazzling plan. He had been asked to give the much-awaited keynote speech at the Democratic Convention in San Francisco, which he took, correctly, as an indication of the high esteem in which he was held in the party; for himself, for being governor of the country's second largest state, and for being a representative of those Northeast blue-collar "ethnics" that the Democrats absolutely had to win back from Reagan if they were to have any chance at all of winning the election. Also, as the governor and the editor both knew and the rest of the country would soon find out, Mario Cuomo was the fieriest orator the Democratic party has had since William Jennings Bryan.

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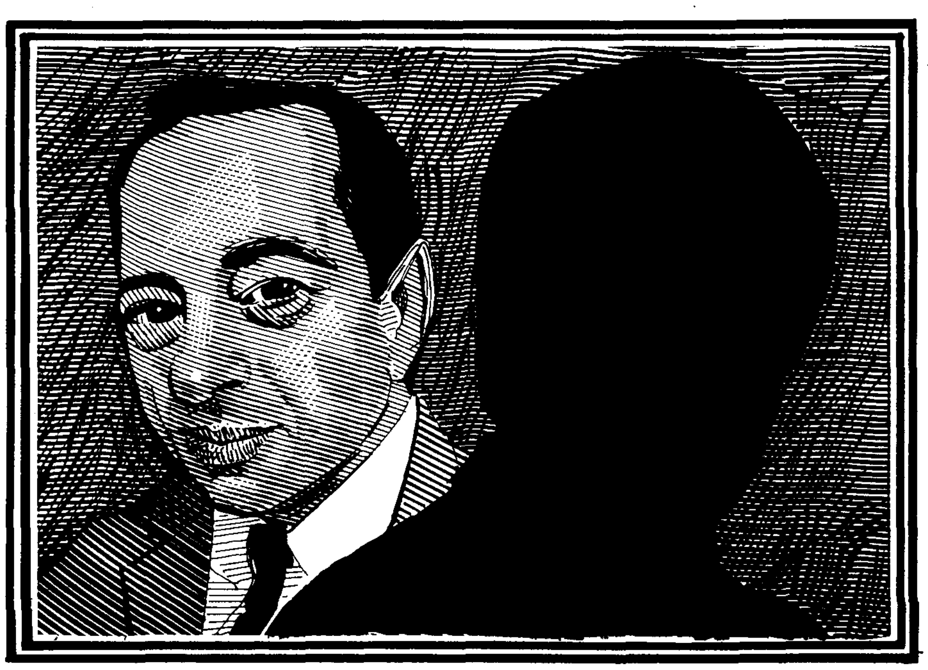
Now the "committed" delegates at the Democratic Convention were not really committed, and Gary Hart's whips were busy trying to strip away delegates from Mondale in preparation for a call from Hart for a "conscience" vote: Which of us, Hart would ask, has a better chance of beating the incumbent? But suppose Cuomo succeeded in setting the convention on fire (which actually happened). Suppose Hart prevented Mondale from going over the top on the first ballot, then the second. Stalemate! Would not a "draft Cuomo" movement appear like a whirlwind? Compare the three men, after all. *Hart*: a synthetic man, ashamed of his roots, a man who changed his name, age, religion, accent, handwriting, and tried to fabricate a military record. A weak speaker, he trembled like a tuning fork under attacks from Battling Fritz Mondale. And there weren't enough Yuppies to elect a President anyway. *Mondale*: called "polenta" by Cuomo's mother, which John Glenn translated into "mush." (It is amazing how much backbiting of his rivals Cuomo slipped into the press without getting the reputation of being a rat.) By contrast to the other two, *Cuomo*: strongly masculine, forceful, not in the least ashamed of his roots, but who, to the contrary, could express a blazing patriotism for America still quite general among recent immigrants. With a superb sense of timing, and humor, he could carefully raise emotional intensity and deliver with spine-tingling feeling lines no other Democrat could even get past his lips. *For the love of this great nation! For the family of America! For the love of God!* Mondale knew Cuomo's worth because, before the Great Vice-Presidential Auditions in North Oaks, Minnesota, he had asked Cuomo not once, but twice, to join him as his running mate. But Cuomo wasn't going to run on the bottom half of a losing ticket.



So this was Cuomo's plan: a "draft Cuomo" movement. A long shot, you say? But everything big in life is a long shot. As another Italian emigrant, a fellow named Buonaparte (original spelling) once said: *De l'audace, de l'audace, toujours de l'audace.* The only trouble was that word of Cuomo's plan got to the ear of Gary