



by Grover G. Norquist

Reagan's Children

There are more of them than you can possibly count.

There are more Republican voters than there used to be. In the congressional elections of 1994, 1996, and 1998, GOP candidates won 53, 50, and 51 percent of the vote, respectively. In 1980, 1982, and 1984, they won 48, 43, and 49 percent. In the last twenty years the average Republican vote for Congress rose from 46.6 percent to 51.3 percent—an upward trend even though Reagan victories in 1980 and 1984 should have increased the Republican vote in congressional elections and 1996 was a Clinton victory that should have increased Democrat percentages.

Several trends help explain why there are more Republican votes in congressional races. One is the decline in labor union membership as a percentage of the voting population. In 1983, 20.1 percent of U.S. workers belonged to a labor union. By 1997 this percentage had dropped to 14.1 percent. Over the past ten elections, union members have voted 63-37 percent in favor of Democrats. Non-union workers voted 55-45 for Republicans. A six-percent work force shift from union to non-union increases the Republican vote by 1.05 percent. In other words, every drop in labor union membership decreases the Democratic vote. Now we know why Democratic politicians never stop trying to force more Americans into union membership.

A related trend is the relative shrinkage of the government work force, which dropped from 17.7 percent of the total

work force in 1983 to 15.8 percent in 1997—a decline of nearly 11 percent. (Between 1983 and 1997 public sector workers grew in number from 15.6 million to 18.1 million, but the total number of employed Americans jumped from 88.2 million to 114.5 million.) The *New York Times* loves to cite 115 demographic variables to explain voting patterns, but never mentions how public vs. private employment might affect one's politics. Luckily, the pollster Scott Rasmussen (who's also a founder of the ESPN sports channel) has studied this question and found that government employment swings party identification ten percent towards the Democrats. An 11 percent reduction in the public sector work force will increase Republican voter identification by .19 percent. There's a reason why Bill Clinton is always trying to hire another 100,000 police or teachers and Al Gore wants to establish a government bureaucracy to give us traffic reports. Fewer government workers means fewer Democrats.

A third trend is simple demographics. The Great Depression-age cohort is passing away. Americans who turned 21 between 1932 and 1952, the twenty years of Democrat dominance under FDR and Truman, are now 68 to 88 years old. With each passing year there are two million fewer Americans whose first impression of politics was "Republican Party = Hoover = Depression." Conversely, those Americans whose first impression of politics was Jimmy Carter and Ronald Reagan are now between 32 and 44 years of age.

Democrats have focused on a fourth factor. In 46 states people in prison can-

not vote, and the number of criminals in prison has roughly doubled in the past twenty years. While there are no reliable figures on the party identification of the nation's criminal class, it's instructive that the Democrats are the ones making a push to allow prisoners and those on parole and probation to vote. (Forward-thinking Massachusetts, New Hampshire, Vermont, and Maine allow prisoners to vote. During the Dukakis campaign of 1988 it was reported that murderers in Massachusetts's Walpole prison had formed their own "Lifers PAC.")

Democrats have also tried to seize on other factors, such as the move by voters from cities to suburbs and rural areas. As well as anyone, Al Gore knows that voters who escape Democrat-controlled cities tend to move toward the GOP. His national campaign against "suburban sprawl" is intended to keep his voters under the thumb of the urban Democrat machines.

But there's a bigger reason for this Republican trend. One year ago, this column reported on GOP governors and state legislators who want to increase the number of Americans who own stocks by allowing government workers to transfer their pension funds from traditional defined-benefit plans to 401k-like plans. Since then, Republicans have begun pushing for Social Security reform to allow every working American to set up an IRA-like Personal Savings Account. And in the debate over tax cuts, Republicans have introduced five different bills designed to expand Individual Retirement Accounts, 401ks, and other defined-contribution plans.

It made sense that if more Americans owned shares of stock, then more Amer-

GROVER G. NORQUIST is president of Americans for Tax Reform.

icans would share the interests of the investor class—a desire for low taxes on capital, support for free trade, opposition to bigger government—that would translate into greater support for the GOP. This common-sense intuition is confirmed in a new Cato Institute study by Richard Nadler based on polling data compiled by Scott Rassmussen.

Rassmussen polled 6,400 Americans and found that 39.9 percent owned stock. Nadler then compared the party identification of those who owned portfolios of \$5,000 or more in stock against those who owned less or none. In Rassmussen's sample, 36.9 percent of Americans self-identified as Democrats and 31.6 percent as Republicans. But among those who owned \$5,000 or more in stock, the breakdown was 37.9 percent Republican and 32.9 percent Democrat. Among non-portfolio owners only 27 percent were Republican and 40.5 percent Democrat.

Owning shares of stock moved one's party identification 18 percentage points towards the Republicans—ten percent more Republican, 8 percent less Democrat.

Nadler reports that today 76 million Americans, representing 43 percent of U.S. households, own stocks or stock mutual funds. This is a 126-percent increase in share-holding over fifteen years. The growth of the investor class over the past 20 years has increased Republican Party identification by two percentage points and dropped Democratic Party identification by almost two points as well.

There was much more to this political change than older, wealthier, whiter, and largely male citizens building up their stock portfolios. Nadler divided Rassmussen's 6,400-person sample into 44 different groups and found Republican Party identification rose in 42 of the 44. Americans earning more than \$75,000 did not become more Republican. Every other group did.

Black Americans without stocks are 5 percent Republican; those with are 20.6. Women without stocks are 26 percent Republican; those with, 36.4 percent. Government employees without, 23 percent; with, 34.4 percent. Unmar-

“

**Owning stock moves
one's party identification
18 percentage points
towards the GOP.**

”

ried Americans jump from 23 percent Republican to 32.6 when they become share owners. Retired Americans without shares are 22.6 percent Republican but 40.6 when they own shares. Americans earning less than \$20,000 are 22 percent Republican when they do not own stocks and 31.6 when they do.

But there's more to this political shift than simple wealth. Americans have been owning wealth in their homes for 100 years without shifting party identification. In 1900, 46.5 percent of Americans owned homes. By 1960 62 percent did; by 1980 it was 64.4 percent, and by 1990 64.2 percent. It's the type of property owned that's affected Republican strength over the past twenty years, Nadler argues. Direct ownership of individual stocks rose only 1.5 percent from 1989 to 1995, while direct ownership of mutual funds increased 149 percent.

An American who owns stock in one company or wealth in a house has a very particular, parochial interest. But an American who owns shares in a mutual fund has a diversified portfolio whose interest tracks with the general economy. If you own shares of General Motors you might favor protectionism against imported automobiles despite its damage to the general economy. Owners of mutual funds have no such special interest apart from the rest of the economy.

America's investor class is not passive. A Peter Hart Research study found that 75 percent of investors check their investments once a month, 51 percent once a week, and 18 percent every day. Politicians must keep this in mind as they debate cuts in the capital gains tax, just as they'll take note that more and

more investors are reading conservative periodicals: The *Wall Street Journal* became the highest daily circulation newspaper at 1.77 million in 1997. *Investor's Business Daily* hit 260,000 circulation. *Forbes* and *Fortune* are the ninth- and twelfth-place magazines in advertising revenue.

Americans are also investing younger. The percentage of head of households under 35 years of age who own stock rose from 22 to 36 percent between 1989 and 1995. Pressure to abolish the death tax will grow as more younger Americans will actively oppose having their estates looted by Dick Gephardt's politics of envy.

In Britain, the Adam Smith Institute has just released a new poll of the "Millennial Generation"—those Britons turning 16-21 in the year 2000. Unlike their elders who grew up under Labour socialism, this cohort was raised under Margaret Thatcher, at a time when privatization, lower taxes, and entrepreneurship became British values. The poll showed that 48 percent of young men and women in the United Kingdom list owning their own business as one of their major goals. Forty-three percent say that becoming a millionaire by age 35 is one of their major goals. In response to what's important to success in life, 7 percent say privileged background, and 72 percent say individual determination—this in a country once famous for its rigid class differences. Only one percent say they'd like to go to work in the civil service or the local government. The British press has dubbed them "Thatcher's Children."

Ronald Reagan has already entered the history books as the man who brought down the Berlin Wall. But he is also the father to the new investor class that is changing American politics. If America's establishment press were as colorful as the British tabloids, they would be known as "Reagan's Children." ❀

"Campus Spectator"

exclusively online at

by Linda Killian



Handle With Care

The GOP cautiously unwraps Chinagate.

As more is known about Chinese efforts to buy, borrow, and steal U.S. commercial and military technology while the Clinton administration fiddled, congressional Democrats are eager to label the burgeoning scandal another partisan witch-hunt. "The Republicans are running around like their hair is on fire," said Norman Dicks, ranking minority member of the House committee that investigated Chinese espionage.

In fact, the GOP is making a concerted effort to handle this Clinton saga—a tangled web of illegal foreign campaign contributions, nuclear espionage, and loopy-goosey technology transfers—differently than the Lewinsky matter. Instead, they're letting the China story run without aggressive stage management, allowing reporters to uncover the story at their own pace.

"Maybe it's because of the way the news media handles it when we step up to the plate," says Fred Thompson, who chaired the Senate investigation two years ago into Democratic fundraising and who knows a thing or two about being drowned out by spin. "It's very difficult to break through the partisan labeling that happens. If you raise an issue you're labeled as being partisan.... Going out there and lambasting and holding press conferences is not the responsible thing to do and it won't do any good."

Porter Goss, chairman of the House Select Committee on Intelligence, agrees that Republican leaders are acting responsibly by "not going out and shooting off

their mouths about things they know nothing about." Representative Chris Cox, who led the Chinagate committee, stressed that the issues involved are too serious to "turn this into a partisan mud fight." Far more important, Cox says, is seriously addressing the problems uncovered by his committee, which could take years to solve.

Cox's committee—the nine-member House Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China—began its investigation in June 1998. At first its mission was to look into the Clinton administration's decision to waive export controls on advanced space technology to China for Loral Space and Communications and Hughes Electronics, a decision no doubt influenced by the fact that Loral's CEO, Bernard Schwartz, was a major Democratic contributor.

Halfway through its investigation of these transfers, the Cox committee began investigating security problems at U.S. nuclear weapons labs. Although some in the Clinton administration had been aware of them for several years, Congress had not been fully informed. Many legislators, including Cox, believe that, had his committee not begun its work, the public might still be unaware of the problems.

In 1995 U.S. intelligence realized the Chinese had carried out nuclear blasts with a miniaturized warhead almost identical to the American-made W-88 designed at the Los Alamos lab. Wen Ho Lee, a Taiwanese-born scientist who worked at the New Mexico facility, was first identified as a possible suspect in 1996. The Justice Department, however, refused to grant an FBI wiretap request, and Lee remained

on the job. In 1997, another Los Alamos scientist, William Lee, admitted passing weapons information to the Chinese.

The FBI continued to urge for tighter lab security, especially for foreign visitors, but the Energy Department failed to act. In February 1998, Clinton finally ordered the labs to increase security. That directive was implemented months after the Cox committee had begun its work. Wen Ho Lee kept his job, even earning a promotion, until early this year when the story was broken in the *New York Times*. By early April, Lee still hadn't been charged with a crime. Justice and the FBI "do not have much confidence they have their man or they would arrest him," says Cox.

To say the Clinton administration handled the situation badly would be an understatement. Congressional sources say an official who suspected there were problems at the lab was ordered not to tell Congress what he knew because critics would attack the White House's "engagement" policy toward China. Undoubtedly, there was concern within the administration over how this would look at a time when revelations about Chinese infusions of cash into Democratic campaign coffers were coming to light. The suspected spy remained in place and the technology transfers continued so that the White House could spare itself embarrassment.

"I think it's naive, I think it's stupid, I think it's unconstitutional," says Curt Weldon, a Republican member of the Cox committee, about the Clinton administration's policies toward China and its handling of the problems at the labs.

Senator Thompson thinks the White House "probably misled Congress" in failing to adequately inform it. After National Security Advisor Sandy Berger was told about the Chinese security problems, the information fell into a "deep trough" for

LINDA KILLIAN, a Washington journalist, is author of *The Freshman: What Happened to the Republican Revolution?*, now available in paperback (Westview).