

# THE INTERVIEW

## DICK CHENEY

It was a balmy bright day when my colleague Richard Vigilante and I trundled through the White House's northwest gate, up the drive, past the waiting camera crews, and into the West Wing to interview Vice President Dick Cheney. Naturally I was reassured to meet Secret Service agents who did not have me on a list of potential threats to the president, but then I was equally reassured to have a president who was not a threat to the Constitution and to the White House intern program's morals.

We interviewed the vice president in the same offices I had visited when George Bush was vice president. They both talk of the issues facing them in a relaxed way. Republicans working at 1600 Pennsylvania Avenue never convey the feeling that dangerous "vested interests" are vying out there beyond the Beltway. My impression is that Republicans are comfortable governing if not as comfortable as Democrats at politicking.

Vice President Cheney, sitting in his yellow-walled office with flowers and portraits all about, is an easy man to interview. His pleasingly orotund voice rolls out facts and policies prodigiously. He jokes about his health, which cannot be that bad. I regularly get beaten on the handball court by a guy with similar heart irregularities. He talks about the various constituencies favoring and opposing administration policy with familiarity and no sense of anxiety.

The policies Cheney favors revolve around a strong economy, a strong military, and a peaceful community life for the citizenry with less litigiousness and more freedom. Read on and you shall see.

—RET

**THE AMERICAN SPECTATOR:** This is not a very rhetorical or showy administration. One gets the sense that, if he could, the president would prefer to get his program through without anyone even noticing, rather than Reagan-like, rallying the country to his views. Does his choice of you as a running mate also reflect this preference for a below-the-radar-screen political style?

**DICK CHENEY:** You mean I wasn't selected for my sex appeal?

**TAS:** It did seem like the choice of a man who was sure he was going to get elected anyway.

**CHENEY:** Well, he didn't ask me to sign on because he was worried about carrying

the growth argument very forcefully, which is the only real justification for cutting the top rates. Having abandoned the growth argument, it became almost impossible to sustain reductions in the top rates.

**CHENEY:** I disagree. I think the president deserves great credit, first of all, for having decided he wanted to run with the cornerstone of his campaign being cutting taxes. All of the wisdom he got—including from a lot of the people that now make the same criticism—was that he could not win on tax cuts. According to the polls, the country did not care. But he said, "No, I'm going to do it. It's what I believe in." Even back during the

### You mean I wasn't selected for my sex appeal? Well, he wasn't worried about carrying Wyoming.

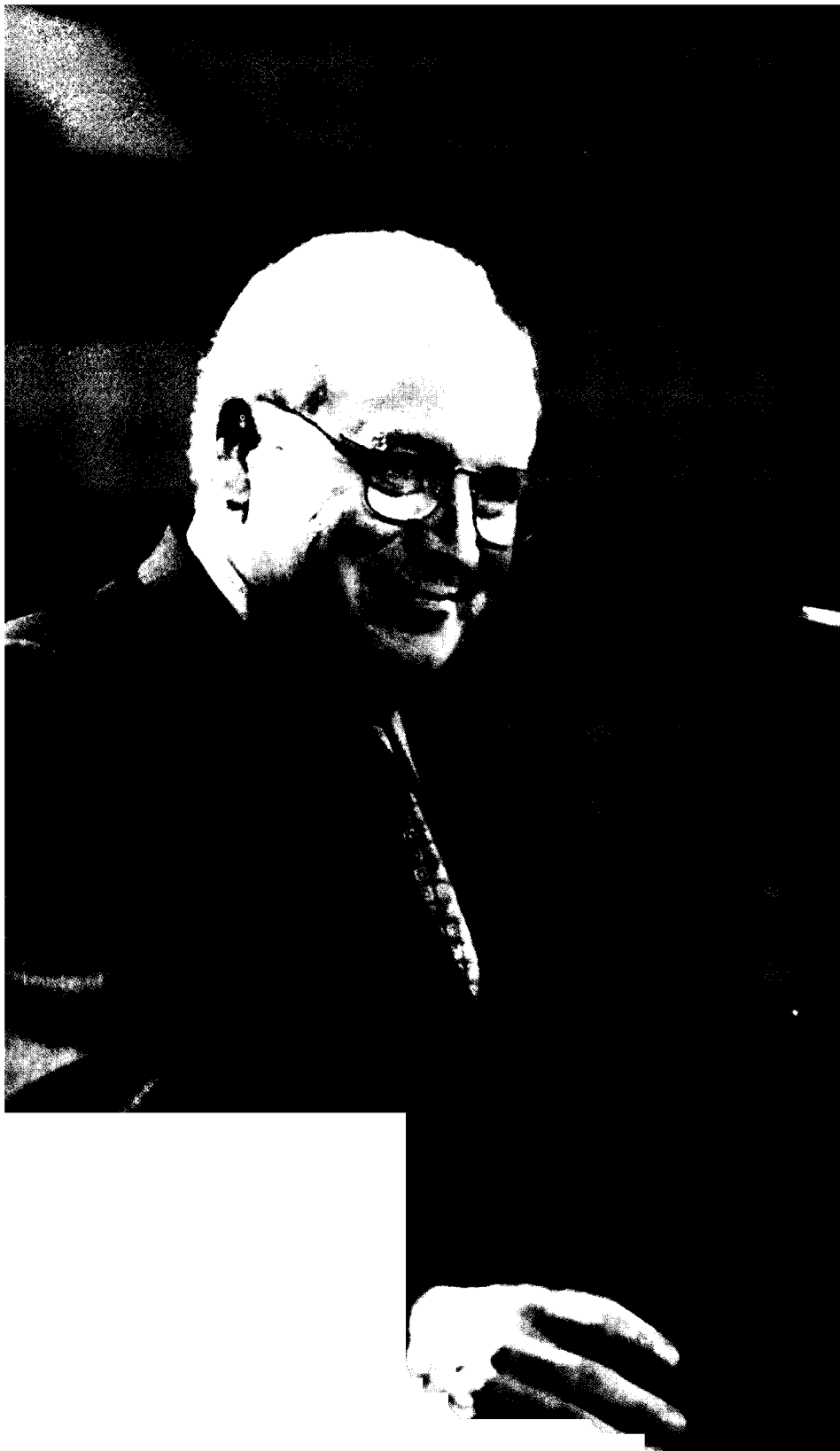
Wyoming. He wanted somebody to help govern once we got here. He was consistent about that all the way through. When he first approached me about being his running mate I said I'd rather not. Then he asked me to help him find somebody and all through that search he always placed a greater emphasis on governance than on winning the election. He wanted somebody that would add to the experience base. That's what he got when he asked me to come on board, and that's the way he's operated since we got here.

**TAS:** That's admirable. But there is a downside to this quiet style. One often gets the sense the administration doesn't make the best arguments for its programs. Certainly the purposes of the tax cut could have been more clearly articulated. The administration did not make

Florida recount, the advice I got on talk shows and everywhere was, "Well, obviously you're got to give up on the tax cut because you had such a close election." Hell, no. He said, "Absolutely not. That's what I ran on. That's how I got elected. That's what we've got to do."

And now, here we are. There have been some compromises but we're going to have the biggest tax cut in a generation. That's pretty good work, and there wasn't anybody else except George W. Bush who laid that out with leadership. You can argue that we should have used this argument or that argument. But he's been very, very effective on the tax issue.

**TAS:** Nevertheless, with the slow phase-in of the rate cuts and nothing for capital gains, the parts of the tax cut that will have the biggest impact on growth will not come until during what could be



the next Democratic administration. Why not do something for capital gains? Why not be more aggressive on behalf of investors and entrepreneurs, the economic activists who really drive the economy?

**CHENEY:** That may well be something we want to do later on, but what we have now is a package that does in fact do some very significant things. It takes rates down across the board. Looking out over the next ten years without the tax cut we knew we were going to collect more revenue than we need. That's a mistake. We shouldn't be doing that. It's vital for us not to allow that money to be gathered up and then spent and folded into the baseline for future federal spending. And it's important to provide incentives for people long-term who want to work hard and produce more and save more. Getting those rates down is absolutely vital in that regard. There are other pieces of it that are important—the marriage penalty, and the death tax, and so forth—but the heart of it is rate reduction and collapsing five brackets into four brackets. I'm not opposed to capital gains tax cuts, but this was the package that made sense over the long haul. It wasn't done just for last quarter or next quarter.

**TAS:** But by accepting static analysis of tax revenues, repeatedly, even proudly saying you want a \$1.6 trillion, or now \$1.3 trillion tax cut, in effect you are undermining the growth argument. Because if, long term, the tax cut does not pay for itself, at least in part, that means the tax cut is not causing any growth.

**CHENEY:** But we've been very conservative in our estimates. We have used conservative economic forecasts based on a conservative model in terms of how the tax cut will affect the economy. There is no assumption of any increase in productivity. We project revenues to grow at a slower rate than the overall economy does, the exact opposite of recent experience. We thought using conservative estimates was the right thing to do to

PHOTO: DAVID KENNERLY

make clear to people that what we're talking about here is giving back some of the surplus because government taxed more than it should.

**TAS:** You went on "Meet the Press" and said that we needed to build 65 to 90 power plants a year for the next 20 years. And you said that some of them were going to have to be nuclear.

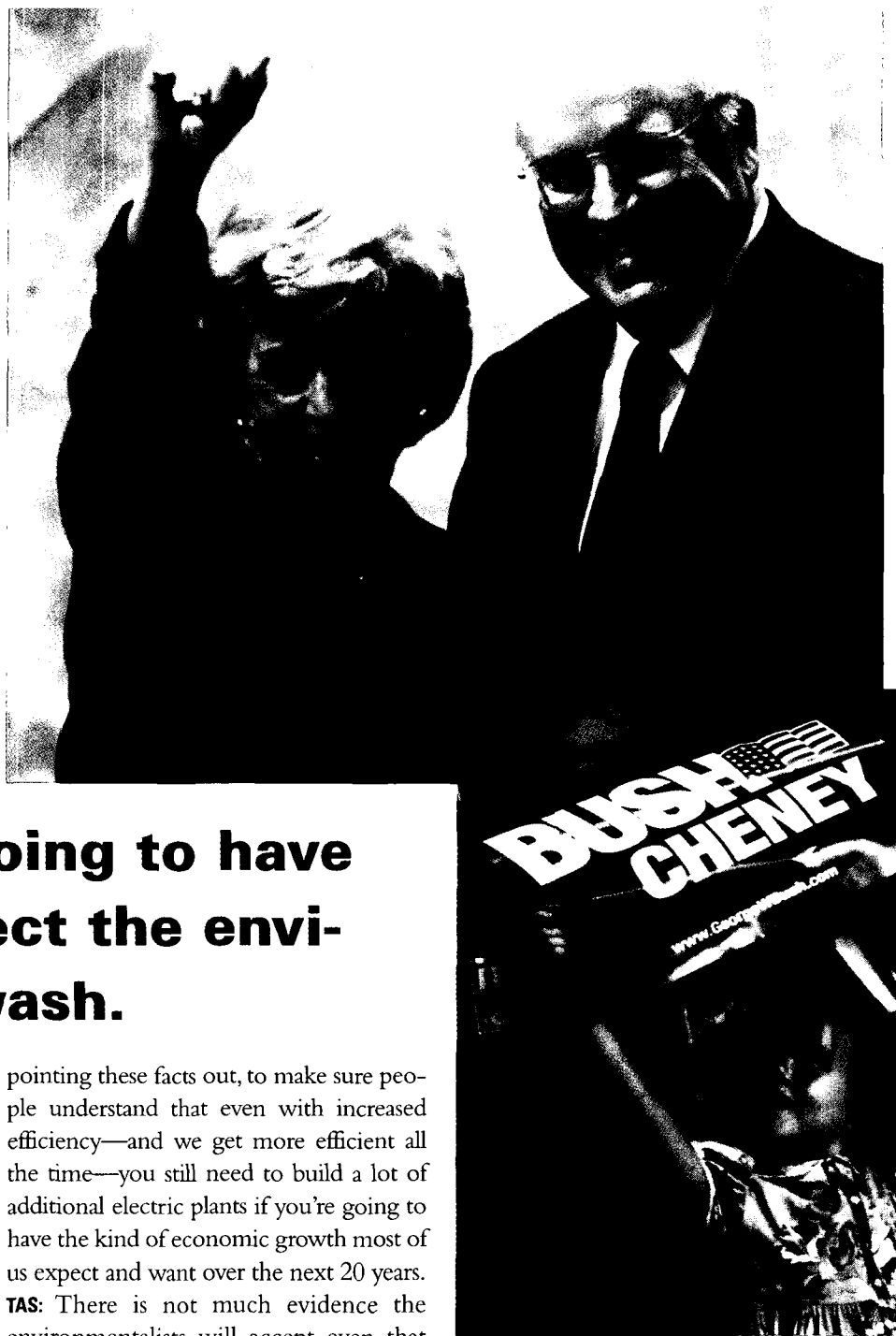
**CHENEY:** Should be.

**TAS:** Should be nuclear. To my surprise, there was not an enormous fuss as a result of your saying this. Were you surprised?

**CHENEY:** Well, I guess I was more surprised by the *Washington Post* story shortly thereafter saying nuclear power may be coming back.

**TAS:** Pleasantly surprised?

**CHENEY:** Pleasantly surprised. Nuclear power makes a lot of sense. We have, because of Three Mile Island and so forth, gotten away from it. But if we need somewhere around



## Either you're going to have energy or protect the environment. Hogwash.

1,300 or 1,900 new 500-megawatt plants over the next 20 years, there are really only three ways to go: coal fire, gas fire, or nuclear. Gas has been the preferred option because it's relatively clean-burning. But with natural gas prices going up, all of a sudden nuclear is very attractive. Add to that concerns about global warming from carbon-dioxide emissions, and nuclear makes even more sense because there are no greenhouse gases from nuclear.

We have nuclear technology that works. It's been one of the safest industries in the history of the world. We do have some problems we need to solve, like the waste problem. But nuclear energy looks very attractive as we look out 20 years for how to meet our needs.

**TAS:** What are you going to have to do politically to make nuclear flourish?

**CHENEY:** First of all, you have to start by

pointing these facts out, to make sure people understand that even with increased efficiency—and we get more efficient all the time—you still need to build a lot of additional electric plants if you're going to have the kind of economic growth most of us expect and want over the next 20 years.

**TAS:** There is not much evidence the environmentalists will accept even that minimum proposition—that we need more electric power to sustain growth.

**CHENEY:** People have deep concerns about global warming and carbon-dioxide emissions and they are willing to look at technologies that offer a way around some of those problems.

I don't find a kind of deep emotional "hell, no" kind of approach that we would have seen 20 years ago on this issue. I think the country's come a long way, and I think we can have an intelligent, informed debate

about it. We've got reasonable licensing procedures now, and proven and improving technology, and a great safety record, and I think with all those three in place then the economics are going to drive it. Will the utilities be willing to invest in nuclear power as an alternative to gas or coal fire facilities given the price of gas and some of these other concerns and considerations? Well, it's already happening. There are now companies out there buying up nuclear plants because it's a good investment.

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**TAS:** It sounds like you are planning to concede the global warming point as a lever for getting people to accept nukes. Is that right?

**CHENEY:** We've got a whole separate task force working on the global warming question, and the president's put together a team that I sit on. We've started to review all the science. We've had in a whole range of experts on whether there is global warming, what it means, what's the cause of it. There seems to be no doubt that there is global warming going on. It shows up a lot of different ways. The question is whether it's a result of centuries-long natural cycles or whether man's activity over the last 50 or 60 years has contributed to it. The jury's still out.

**TAS:** The important question, once again, is whether the administration will try to lead and educate. The environmentalists have gotten a political free ride for decades. No administration has ever stood up to them, though they are in fact almost always wrong. They were wrong about DDT. They were wrong about Alar. They're clearly wrong about human activity causing global warming. They were certainly wrong about how much electricity California would need and about the possibility of getting that electricity from the so-called soft path.

**CHENEY:** Well, our job first and foremost is to give a set of recommendations to the president, lay out what we think the nature of the problem is, and then ideas on how to confront it. He'll be the one who makes decisions about exactly what areas he wants to emphasize and focus on. Then those of us who work for him have to go out and try to make it happen.

My own personal view is that we need to have a public debate about this. We've had a tendency in recent years to make decisions about energy questions and generating-facilities questions on a project-by-project basis. When you do that, it's easy to find a lot of reasons not to build a particular project or lay a pipeline or build a generating facility.

California is a good example of a situation in which they did several

things simultaneously wrong. They came up with a so-called deregulation scheme that really wasn't deregulation, but it involved caps on consumer prices. They prohibited the utilities from buying—entering into long-term contracts with producers—so they were required to buy on the spot energy market. They forced utilities to sell off all of their own generating capacity. And then they put in place regulations that effectively prevented any power plants from being built in California for 15 years. Well, the economy grew by 28 percent and the demand for power grew by 24 percent. So bingo, all of a sudden you had a heck of a problem because the cushion of 13 or 14 percent of surplus power disappeared. So now all of a sudden buying on the spot market is the most expensive way to go. And instead of taking off the price caps a year or two ago when it might have made sense and been bearable, they postponed the pain as long as possible. And now they've had to take the price

caps off anyway, at the same time they bankrupted the biggest utility in the state.

So a whole bunch of what might have been wise decisions on the case-by-case basis turned into a train wreck, system-wide.

**TAS:** There has never been an administration that had a coherent, strategic plan for meeting both environmental concerns—which are pretty universal in America—and supplying the energy for economic growth.

**CHENEY:** I think it's a false choice. And the advocates on both sides have a vested interest in projecting the false choice: "Either you're going to have energy or you're going to protect the environment." Hogwash. But that's usually the way it's presented.

Technology has done wonders to improve our capacity to do both. I think about my experience in the oil and gas business, where technology has done wonders over the course of the last 15 or 20 years. We've reduced the cost of find-



ing and producing a barrel of oil by about 70 percent in about 12 years.

**TAS:** How?

**CHENEY:** Well, 3D seismic technology is a big part of it. The old seismic search technology was basically two-dimensional. Then we figured out how to do 3D seismic and all of a sudden we get a much better picture of what's underground. You drill fewer dry wells. So there's an enormous savings there.

We have also gotten much better at figuring out how to get at what we find. It used to be that if you had a deposit of oil, you had to put a structure on the ground right over it and then drill straight down and pump it dry. Not anymore. Today from one site we can reach out eight to ten miles horizontally to develop various deposits. Halliburton, before I left, had fielded a brand-new technology. Instead of using steel drill pipes, we used carbon-composite fiber. Instead of having the power source on top of the hole driving the entire shaft, we actually put the drill motor down the hole. And then we've got cable elements to transmit electric power down-hole to that carbon-composite fiber. Instead of the drill pipe being steel and weighing thousands of tons, it is actually buoyant underground. And you can steer it in dramatically precise ways.

**TAS:** How does that help?

**CHENEY:** Now you can go into an old field with three men and a laptop computer and reach out and develop these small deposits that simply weren't rich enough to support a whole separate structure with its own vertically drilled well.

**TAS:** How would that sort of thing help in the Arctic National Wildlife Refuge in Alaska?

**CHENEY:** ANWR is about 19 million acres, about the size of South Carolina. With this kind of technology the surface impact would only involve about 2,000 acres, because we've gotten so good at being able to reach out underground and develop these deposits without having to leave a huge foot-

print on the surface. Plus, in the wintertime, you build ice roads that are gone in the summertime. No trace of them at all. You create gravel pads for your surface facilities, but the impact is minimal. It's very hard to find much of a trace that man's ever been there. Plus the Alaska pipeline is already there so all you have to do is bring whatever product you get out of ANWR and plug it in at Prudhoe Bay and run it down the pipeline. It's only running at 50 percent of capacity now.

It's just wrong to give people the idea the only way you can develop ANWR is the way the East Texas field was developed in the 1920s.

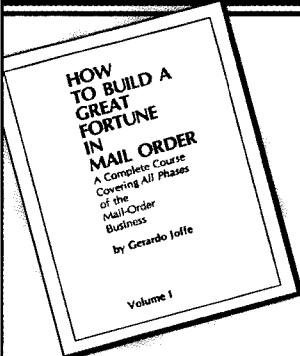
**TAS:** Do you expect other states besides California to be having problems this summer?

**CHENEY:** There will be some slopover, possibly into the Northwest. A lot of regions of the country are in pretty

good shape. Texas is in good shape, for example. The Southeast. New York's got a potential problem.

**TAS:** The administration really stood tall on the Kyoto global warming treaty. Shocked a lot of people when the president just said no. The Europeans were furious, or at least professed to be.

**CHENEY:** They'll get over it. They've got to get used to George Bush. He's a very straight-speaking, tell-it-like-it-is kind of a guy. I think there's probably a big adjustment for our European friends after eight years of Bill Clinton. On the other hand, it should not have been much of a surprise. The Senate rejected it 95-zip. Bill Clinton wouldn't even submit it for formal ratification. We all know it's not going to work. It's just that he stood up and spoke the truth without wrapping it up in a nice diplomatic bundle. And I think it was beneficial from a standpoint of U.S. leadership. ↘



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# India Unbound

BY GURCHARAN DAS

Y

ears later, my grandfather admitted that he was a little sad to see the British go. He called to me as I was trying to sleep on the upper berth of the

Frontier Mail, "It is certainly nice to feel the fresh breeze of freedom, but you must remember, my son, that India had been the best-governed country in the world for a hundred years." The dusty wheat fields of Punjab rushed wildly by in the light of the full moon. After a pause, he added, "Yes, the English were arrogant, but it was a cheap price to pay for a hundred years of peace, good government, railways, irrigation canals, and the best law and order in the world. You may call me antinational, but this is how I feel."

"If the British were such good rulers, why is India so poor?" I asked.

Why is India so poor? This is a question that has haunted two generations of Indian leaders. But India was not always poor. In fact, it had once been fabulously wealthy and this had set the Europeans on their voyages of discovery. In high school we had all read that Columbus had gone in quest of the riches of India and found America instead. By 1700, according to the respected historian, Angus Maddison, India had 22.6 percent share of the world's GDP (when the whole of Europe had 23.3 percent.) In 1830, India enjoyed almost 18 percent of the world's industrial production while Britain's share was less than 10 percent.

After a long pause, my grandfather admitted that he did not know. "For that you must speak to your uncle, Sat Pal."

My uncle Sat Pal had always been my grandfather's favorite. He dreamed of a brilliant career for him until one day, to his horror, he discovered that Sat Pal had become a Marxist. It was a great blow to our family, whose bourgeois

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