



The Bush Crack-Up

Was the President done in by the economy, or by the politics of the economy?

by Brit Hume

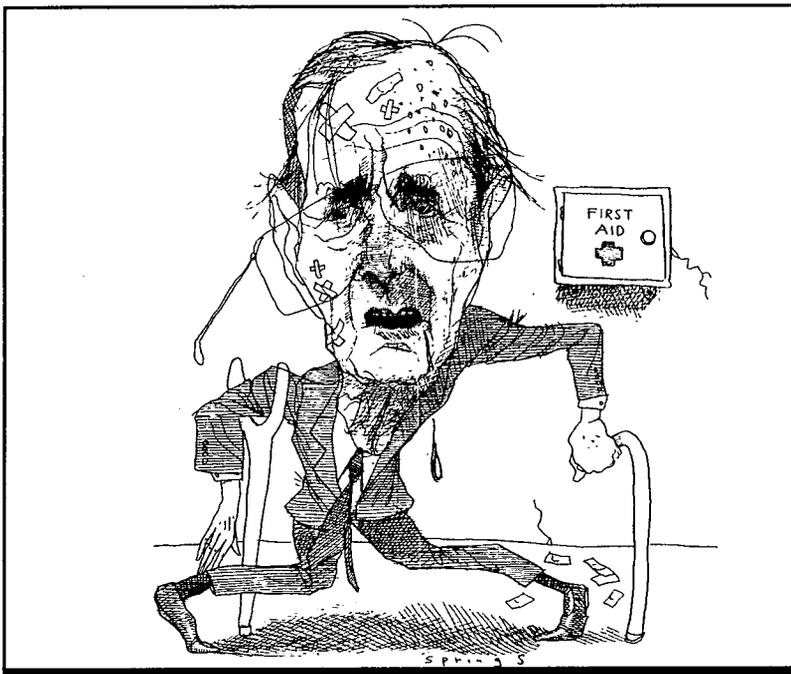
The post-election air over Washington is filled with the cries of disappointed Republicans that George Bush's convincing, yet not overwhelming, defeat could have been averted if only the President and his team had run a better campaign. Even Vice President Quayle, saluting the

focused, largely blunder-free race run by Bill Clinton, suggested that a poor campaign was responsible for the Republican ticket's demise. In fact, the seeds of Bush's defeat were sown long before the campaign began, and it is far from clear that even the most brilliant race by Bush could have changed the outcome.

Besides, the Bush campaign was by no means as poorly executed as the conventional wisdom suggests. The advance work, for example, was superb, especially in the critical closing weeks. Bush played to large and enthusiastic crowds at colorful and well-organized rallies. His three train trips were especially picturesque and had the additional benefit of giving the candidate himself a noticeable lift: he got an obvious charge from the knots of people who gathered at each crossing to wave to him. Standing on the train's back platform, microphone in hand, the President called out by loudspeaker to onlookers, marveling at the friendliness even of those who held Clinton-Gore signs. One older man in North Carolina shouted sourly to

the President, "I don't think so." "Well," said the President, laughing, "I do think so, old fella." He meant it, too. His aides, keenly aware of the odds against him, privately expressed wonder at his refusal to believe he would lose.

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By the campaign's final days, Bush was pounding his opponent at every stop on the twin issues of character and trust, and his advance teams were making sure that large home-made banners reading "We trust Bush" festooned the backdrop at every rally. Character and trust were the only issues that seemed to move his poll numbers. His crowds enjoyed his attacks on media bias and his lam-pooring of Al Gore as the "Ozone man." But none of that seemed to cut it with voters at large, and neither the crowds nor the poll numbers responded to the economic plan Bush had belatedly articulated (re-articulated, actually, since it was mostly a repackaging of earlier Bush proposals). The President also hammered Clinton for his proposed tax increases, which on paper looked like an obvious vulnerability. But that issue had lost its power, at least for George Bush. His broken pledge of no new taxes, of course, was the main reason. Any chance the President had of overcoming that was lost by his seeming failure to understand the pledge and what it had meant in the first place. No issue better exemplifies the political predicament in which the President found himself.

To conservatives of every stripe, the "read-my-lips" no-tax promise was an affirmation of their common view that raising taxes simply feeds the growth of the federal government and ultimately serves the Democrats, the party of government. To Bush, however, the no-tax pledge seems to have been nothing more than a politically useful campaign promise, an appeal to the selfish instincts of people who simply wanted to keep more of their money. He didn't put it exactly that way, of course, but there is ample evidence that he had little regard for the tax promise as a matter of policy. Before he broke the pledge, he frequently defended it by saying, "I don't hear a lot of people out there telling me they want their taxes raised." Soon after he had abandoned it, he responded to reporters who shouted questions at him while he was out running one day by saying, "Read my hips." Hardly the words of a man who took his promise seriously as a matter of principle.

In the campaign, he often criticized both Clinton and Ross Perot for their willingness to raise taxes, but he never made the case against doing so on economic, as opposed to purely political, grounds. He never said, for example, that raising taxes is not the way to reduce the deficit because it doesn't work, because the revenues never meet expectations.

Nor did he argue that raising taxes risks stalling the economy, reducing revenues and thus worsening the deficit. This, of course, is precisely what many believe happened as a result of his 1990 budget agreement with Congress. Yet even in repudiating that deal last spring, the President never said what many believed: that hitting a

shaky economy with new taxes brought on the lingering recession that destroyed his popularity. Instead, Bush offered the nonsensical argument that because Congress kept trying even after the budget deal to raise both taxes and spending that the deal had not been worth it. In fact, of course, the deal contemplated that Congress would do precisely that. Indeed, what the President got in exchange for agreeing to the taxes was new spending restrictions designed to keep Congress from, for example, using defense cuts to finance new domestic spending. The President frequently spoke proudly of these new provisions, which made his repudiation of the budget agreement that produced them seem all the more hollow. Under these circumstances, it is hard to see how Bush could get any political mileage out of the tax issue. And his lost credibility on that subject made it more difficult for him to get a hearing on his economic ideas generally.

Deep down, it seems, the President believed that the budget deal was *not* a mistake, that it was a necessary political sacrifice in the cause of fiscal responsibility, and a worthwhile gamble to help a sagging economy. The way it was supposed to work was this: the taxes and spending restraints would convince the Federal Reserve that it was safe to loosen credit. The resulting lower interest rates, in turn, would avert

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the economic downturn that loomed in the spring of 1990. For a time, it appeared this "soft landing" was exactly what would happen. But Iraq's invasion of Kuwait and the ensuing oil price spike wrecked the scenario. Still, when the successful Gulf War brought oil prices back down, the economy began to recover, helped by falling interest rates. The President, it seemed, had gone through what every President dreads—war and recession—and would escape with his popularity not only intact, but greatly enhanced, broken tax promise notwithstanding.

As all the world now knows, it didn't turn out that way. The recovery that seemed to begin in the spring of 1991 faltered, and the economy remained basically stalled for the rest of the year, even as the President—and many economists—proclaimed that it would soon pick up. The final months of 1991 would prove to be the fateful—indeed fatal—hours of the Bush presidency. As he and his advisers nervously scanned the horizon for signs of better economic health, the country grew restless and worried. The Gulf War had ended in victory, the Cold War was over, and times were supposed to be better. Instead they were bad, and in many places getting worse. Unemployment, which tends to go up last in a recession, and come down last in a recovery, was mounting. Republicans across the country were pleading with the White House to do something, anything to show that the President "got it," that he knew people were hurting and

was going to do something about it. Conservatives on Capitol Hill urged the President to keep Congress in session during the Christmas recess to pass the capital gains tax cut and assorted other economic measures that had languished there for nearly three years. Nobody really believed Congress would pass the bills, but the Christmas session gambit, it was argued, would at least portray the President as a man with ideas on the economy he was willing to fight for.

We will never know, of course, but it is just as plausible that a spectacular, failed effort to gain action on the economy would have made everybody look bad, including the President. Some in the President's inner circle, including the ever-influential budget chief Richard Darman, believed an emergency session to force action would not only fail, but poison the atmosphere throughout 1992, guaranteeing that no economic plan would pass before the election. There was the additional question of what sort of plan it should be. Economic stimulus packages enacted to end recessions have a long record of coming too late and doing too little, if any, good. The virtually unanimous advice the President got from outside economists was that any spending or tax cut plan big enough to make a difference in the economy would also carry a major risk of spooking inflation- and deficit-conscious financial markets and boosting interest rates, thus aborting the best hope of recovery. The President decided to wait until the 1992 State of the Union Address to unveil an economic recovery program, and vowed that whatever he offered would be "no quick fix." What emerged, finally, was a modest set of measures that sounded more substantial than they were and, above all, were not big enough to do any real harm. The White House believed Congress had a major political interest in taking action to boost the economy and that there was a good chance, therefore, that Bush's proposals, or something close to them, would eventually pass. They never did.

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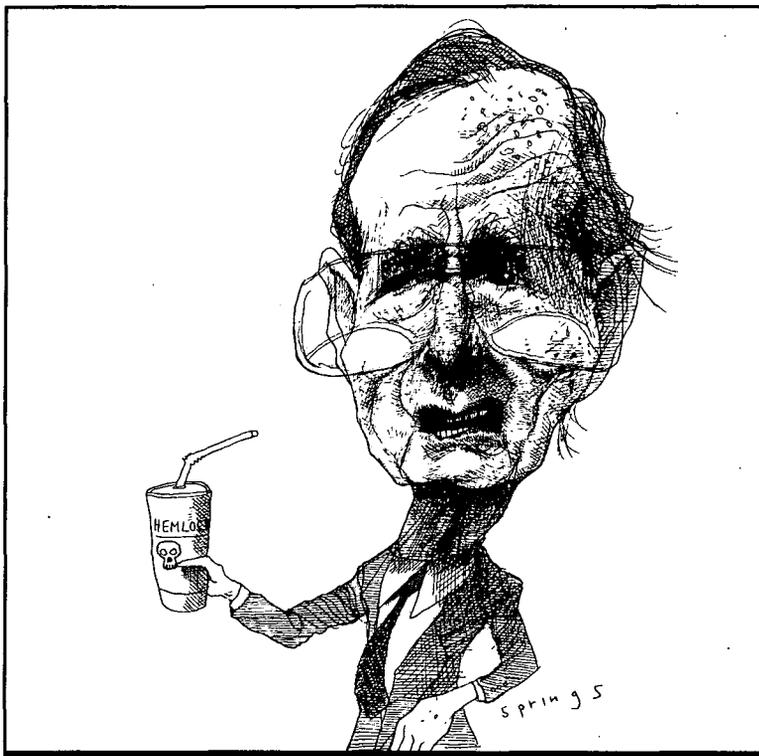
The President and his team had miscalculated on a number of scores: on the economy itself, on the depth of public distress about it, and on the chances of getting action from a hostile Congress in an election year. In the end, though,

these were all failures to deal effectively not with the problem of the economy itself, but with the politics of the problem. To this day, the economy's best hope remains low inflation and low interest rates, combined with the natural cyclical processes that tend to produce, sooner or later, economic recovery. There is good reason to believe that the President did the right thing economically in leaving the economy alone, even if it did him little good politically.

By midsummer, his political plight had become dire. The Democrats had spent all winter and spring on the campaign trail painting the economy—which had begun to grow slightly—as desperate, and getting worse. Ross Perot had joined in with his jeremiads about the deficit. The President didn't believe things were that bad, but was cut off from making that case by the need to undo the political damage wrought by his months of waiting for things to improve. The notion had taken hold that George Bush had spent his childhood in comfort and his manhood in motorcades and was simply out of touch with the average citizen.

This notion got plenty of nourishment from the news media, which love stories about rich and powerful people and their alleged insensitivity to everybody else. It is one of the oldest forms of journalistic demagoguery, spectacularly illustrated in this instance by the front-page *New York Times* story about Bush's astonishment when shown an ordinary supermarket checkout

scanner during a factory tour. It was a fascinating story, but it turned out to be almost wholly untrue. Bush's wonder was mostly politeness and the scanner, far from being ordinary, was a new and different device of which the company was especially proud. The reporter who wrote the *Times* story had not witnessed the event, but had taken his information from a "pool report." (Because the White House press corps is too large to accompany the President everywhere, a rotating "pool" goes with him on such events as plant tours. The pool reporter prepares a detailed account for his colleagues.) Only the *Times* drew from that pool report the picture of Bush as a man awed by a supermarket scanner. It may be the only time on record where anybody got an exclusive story out of a pool report. Such is the *Times's* influence, however, that



the story became part of the legend of a President who just didn't know how things were out there in the real world.

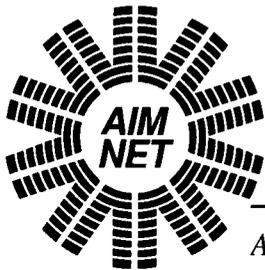
The President by then knew full well how things were out there and had the plunging popularity ratings to prove it. But he was in no position politically to argue that the economy was actually better than his political enemies were saying. He had the more urgent need instead to convince people he "got it." Hence his famous statement during the primaries that the economy was in "free fall," which it was not. Not until the third-quarter economic numbers came out in late October, showing a "surprising" 2.7 percent growth rate, did the President abandon his "I understand you're hurting" mantra in favor of a more positive message about the economy. By then both the argument and, more importantly, the good news were too late.

There was much else about the Bush campaign that seemed too late, including its formal start—at the Republican Convention. Until then, the President had largely refused to attack, answer, or even mention his opponents by name. This was widely ascribed to Bush's well-known aversion to campaigning, especially the bare-knuckled variety he used against Michael Dukakis in 1988. Certainly he had liked his office far more than he liked running for it, and he never saw the presidency, as Ronald

Reagan for example had, as a continuation of his campaign and the battle of ideas it had entailed. To George Bush, governance is one thing, politics another.

But there was more to his decision to hold his fire than that. The President's pollster and campaign chairman, Bob Teeter, believed that it was one thing for Bush, as Vice President, to go on the attack early and often, and quite another for him to do so as President. A President, Teeter believed, is expected to tend to the nation's business. Thus Teeter thought that for Bush to engage in a political brawl with Pat Buchanan, then Ross Perot, and finally Clinton would have cheapened both him and his office and devalued the incumbency. Teeter further believed that elections are decided in the closing days, and that Bush had plenty of time to make his case at a time when people would be expecting it. Maybe Teeter was right: an earlier entrance into the fray might have made things worse. But the dilemma shows you what a fix Bush was in: he had to choose between potentially demeaning himself and ceding his opponents a six-month head start.

There was a less obvious but important consequence of Bush's above-the-battle stance, not only during the first of the campaign but much of the rest of his presidency. He failed to grasp what Reagan Secretary of State George Shultz observed during his Iran-contra testimony: that, in Washington, no fight is ever over, no issue ever finally settled. The Bush Administration didn't understand the need



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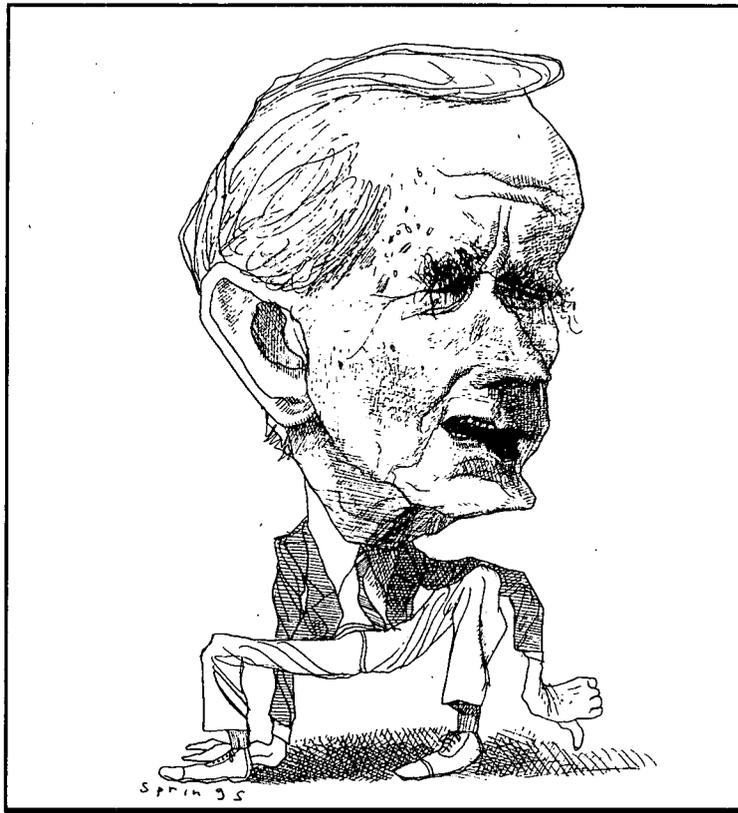
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not only to win its battles, but to defend its victories afterward. Thus it allowed the economic successes of the Reagan years to be belittled to the point where Bill Clinton and Al Gore could promise cheering audiences they would undo the economic damage of not just the previous four, but twelve years of "trickle-down" economics. The Persian Gulf War, perhaps the greatest single act of presidential leadership in four decades, was allowed to be dismissed by the President's enemies as merely a war to overcome a tyrant the Bush Administration had "created" by giving him illicit aid. Similar arguments were made against the overthrow of Manuel Noriega. James Reston even wrote in the *New York Times* that Bush, having captured Noriega, didn't "know what to do with him." At the time, of course, Noriega was being prosecuted, successfully it turned out, for drug trafficking. Such criticisms went unanswered, as if the President and his aides thought that because they were balderdash they would collapse of their own weight.

A word is in order here about the news media. It is not a monolith and its biases do not necessarily control the coverage of a political campaign. But during critical periods in this one, anti-Bush media sentiment was obvious and dominant. For example, the harsh attacks on Bush and Quayle at the Democratic Convention by, among others, Maxine Waters and Jesse Jackson were treated as nothing special. But the fiery attacks on Clinton and the Democrats during the GOP convention by Pat Buchanan and others were treated as a sort of orgy of intolerance. No one noted that Buchanan, who had after all tried to defeat Bush, obviously did not speak for him. The media's defenders argue that, after the rough treatment Bill Clinton got on the Gennifer Flowers case and his draft record, no one can say he was treated favorably. But he was. After the primary season, the Flowers case was barely mentioned again. Never mind the allegations about the state job she got and the other woman who was allegedly passed over in Flowers's favor. Never mind that John Tower was deemed by the Democrats who control the U.S. Senate to be unfit for Bush's cabinet for the very kind of alleged peccadilloes that did not disqualify Bill Clinton for the presidency.

New revelations and questions about Clinton's draft

record were duly reported, but so were charges about Bush's role in the Iran-contra affair, whether they were new or not. The most conspicuous example was the play accorded the re-indictment of former defense secretary Weinberger on the Friday before the election. Released with the indictment was a copy of one of many Weinberger notes on the case which formed part of the prosecution's evidence against him. It is not uncommon for a sample of the evidence to be attached to an indictment, but it is not an invariable practice, either. What's more, the Independent Counsel could have chosen *any* of the many other notes Weinberger made. The charge against him is that he denied to Congress that any such notes existed. But the news media were utterly uninterested in why the prosecutors chose this particular document to make public five days before the election.



The note itself seemed to say that then Vice President Bush had attended a January 1986 meeting at which Weinberger and George Shultz had made plain their vehement opposition to what they regarded as a straight exchange of arms for hostages. Except for the wording, there was nothing new about the note. The meeting and what was said at it had been known of for some time. What's more, while the note implied Bush had been at the meeting, it did not actually say so; Bush has said he attended the meeting but missed part of it. It is part of his story that while he knew Weinberger and Shultz opposed the arms

sales, he did not realize the depth of their opposition, because he had not heard all they said about it.

For example, Bush had been at the Army-Navy game during a meeting the previous month when Weinberger and Shultz had objected strongly to the arms sales, hence Bush's contention that he was "out of the loop." The President has never denied that he supported the arms sales, and that he knew that hostages were expected to be released as a sort of side benefit of improved relations with Iran. What he denies is that he saw the deals at the time as straight arms-for-hostages swaps. He may or may not be telling the truth about that, but it is the same story he has told for years, and because it deals with his state of mind it is unlikely ever to be proved or disproved. The

media, however, gave a huge ride to the Weinberger note, treating it as new information, which it was not, and reporting that it flatly contradicted Bush's version of events, which it did not. The story dominated campaign coverage for two days and broke whatever momentum the President had in the final days of the race. The coverage mirrored almost precisely the claims about the note made by Bill Clinton, who called a news conference to make the most of it. It came at a particularly opportune moment for Governor Clinton, since he was under withering assault from Bush about his character.

To be haunted by the arms-for-hostages issue must have been an especially bitter irony for George Bush, under whom all U.S. hostages had come home, without any funny business with Iran or anyone else. Yet here again was a case where the luckless Bush was in no position to boast of his achievement. To do so could have tempted terrorists to snatch some more Americans. To be sure, Bush had other good foreign policy news to proclaim, and he certainly tried. He spoke repeatedly of the end of the Cold War, of little children who no longer must live in fear of a super-power nuclear confrontation. He spoke often of Operation Desert Storm and of stopping Iraqi aggression. It doesn't take much imagination to envision what condition the U.S. economy would be in by now were Saddam Hussein still astride the world's oil artery, occupying Kuwait and either threatening or controlling Saudi Arabia. But the victory over Saddam had seemed, finally, both easy and incom-

plete. And the end of the Cold War, instead of helping Bush politically, seemed instead to eliminate one of the reasons for keeping Cold War-era leaders like him in office.

All these things contributed to Bush's demise. In the end, he still might have been re-elected had the economic recovery that had seemed more than once to be underway actually come. But it didn't, and the effect on the public's mood and the President's popularity was devastating. When he did finally attempt to address the issue, his credibility had been deeply eroded by his broken tax promise and by the long period in which he seemed oblivious to the economy's condition. When he talked of his plans to stimulate growth, they made little impact on voters correctly skeptical that he could get them through Congress. His complaints about the "gridlock Congress" only reinforced that impression. Besides, the President never seemed fully convinced himself that legislative intervention was what the economy needed. And he might have been right. So he ended up running for re-election in hard times he had been slow to recognize, with a program he didn't seem deeply to believe in. The hard times themselves might have been enough to seal his fate. With the other political baggage he had to carry, they proved overwhelming. The final irony is that as the last votes were counted, the economy appeared at long last to be picking up. Just in time to allow Bill Clinton to usher in George Bush's recovery. □

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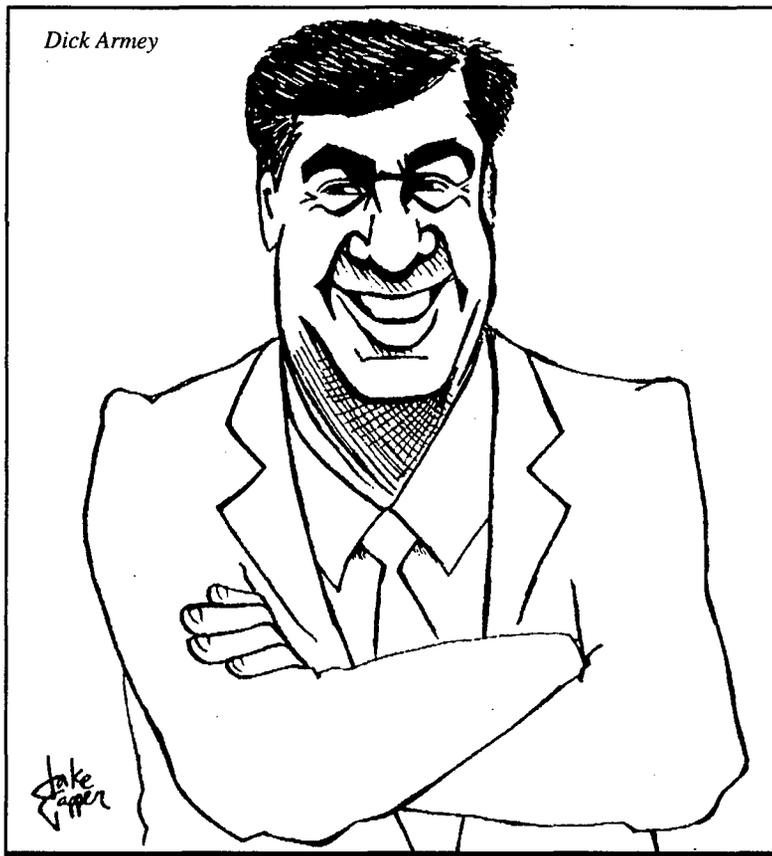
Grover Norquist

It's My Party . . .

Upcoming elections for the leadership of the Republican National Committee and key congressional posts will determine whether the GOP settles for the embarrassed and embarrassing politics of the 1992 campaign.

George Bush was a successful commander-in-chief, but a failure as a party leader. He managed the decline of the Soviet empire and crushed the fourth-largest army in the world, but he left the Republican party weak. The coalition that gave the Republicans three presidential victories in a row was ignored, ill-used, and betrayed to the point where 27 percent of Republicans and 35 percent of conservatives voted for Ross Perot or Bill Clinton.

Debates on how the Republican party can patch back together the Reagan coalition—low-tax, small-government, and traditional-values conservatives and supporters of a strong defense—now begin with the question of *who* will lead such a restoration. Robert Dole has offered himself as the leader of the Republicans in the Senate, and hopes to graft the Perot voters to the Bush voters of 1992 and recon-



stitute a 57-percent governing majority. One wonders, however, if Bob Dole, one of the negotiators of the 1990 tax increase, can be a credible leader of the Reagan coalition. Dole never understood the low-tax, pro-growth strategy of Ronald Reagan and Jack Kemp. He shares Ross Perot's obsession with the deficit and would cheerfully walk back into a negotiating room to raise taxes in return for promised spending cuts. The

Republican party has been taken on this ride in 1982 and 1990. Exit polls and the results of tax-cutting initiatives demonstrate that the party and nation are firmly against higher taxes.

Senator Phil Gramm of Texas would like to be a leader of Senate Republicans, but as an architect of the 1990 budget deal, he is tied to the failures of the past. Thus weakened, he was able to win re-election as chairman of the National Republican Senatorial Committee by only one vote over Mitch McConnell of Kentucky.

Grover Norquist is president of Americans for Tax Reform.