

Standing up for the  
American Underdog:  
A place to be for  
the GOP.



# The Ripon Forum

February/March 2007  
Volume 41, No. 1

## Why Ideas Matter

by Haley Barbour

Plus:  
The importance  
of entrepreneurship  
to America

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And: Mary Matalin,  
Ben Stein & others provide  
"An Answer for Roger Mudd"

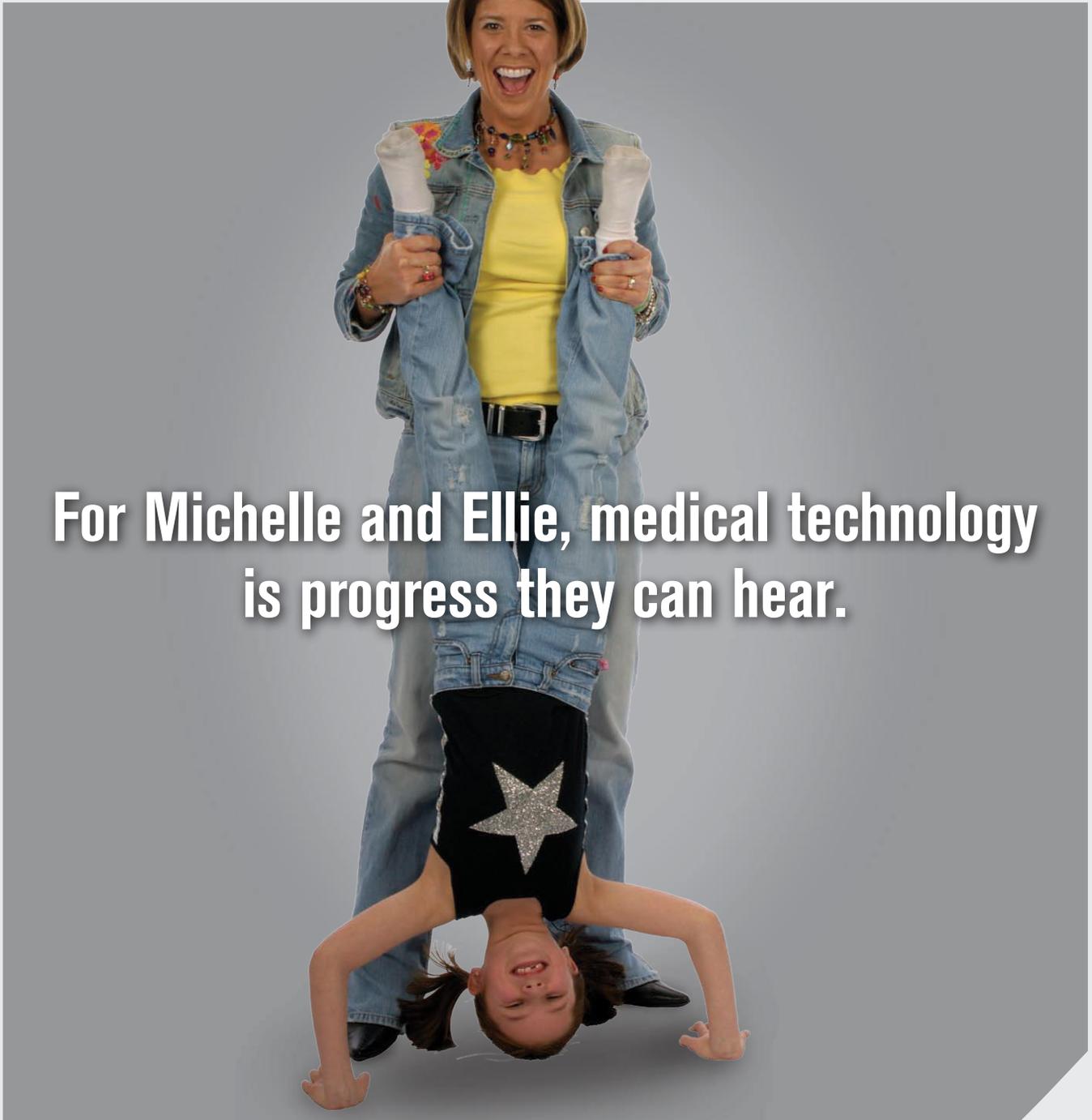
**Michelle & Ellie Tjelmeland, Springfield, IL.**

As a freshman in college, Michelle Tjelmeland began having difficulty hearing lectures. By age 22 she was completely deaf.

When Michelle and her husband welcomed their first child, Ellie, Michelle sensed all was not right. A pediatrician confirmed Michelle's suspicions: like her mother, baby Ellie was deaf. At age 17 months, medical technology offered Ellie hope. She was fitted with a cochlear implant, allowing her to hear for the first time. Today, at age eight, Ellie is

excelling in school and even learning the guitar. What's more, Michelle received her own cochlear implant in 2001. "The technology has given me my life back," she says.

Whether giving doctors the tools to detect diseases early or allowing patients like Michelle and Ellie to share a whispered secret, medical technology restores health and vitality for millions of Americans. Just imagine what the future will bring.



**For Michelle and Ellie, medical technology  
is progress they can hear.**



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# The Ripon Forum

*"Ideas that matter,  
since 1965."*

Volume 41, No. 1, February/March 2007

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In publishing this magazine, the Ripon Society seeks to provide a forum for fresh ideas, well-researched proposals, and for a spirit of criticism, innovation, and independent thinking within the Republican Party.



# Steps to a Healthier Future

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## A Note from the Chairman Emeritus

*“The war on terror.”*

*“It’s the economy stupid.”*

*“Read my lips – no new taxes.”*

Each election, it seems, can be boiled down to a handful of words that sum up the issues and ideas that drive a campaign. The election of 2008 will be no different.

But for Republicans, of course, next year’s campaign is different. The party is coming off its worse loss since 1974. Then, the issues were Vietnam and Watergate. Today, the issues of war and government accountability have similar relevancy.

It took six years for Republicans to return to power after that defeat. While many attribute Ronald Reagan’s victory to the force of his personality, he would have been the first to say that it had more to do with the power of the ideas that drove his candidacy.

With this and the next few issues of the FORUM, we focus on the importance of ideas in the public policy debate, and begin looking at some of the issues and ideas that could drive the campaign next year. As always, we are open to good ideas from anywhere on the political spectrum. We are also open to good ideas from you.

In this regard, let me encourage you to share your views on the ideas you believe will shape the coming debate. Simply send us an e-mail at [editor@riponsociety.org](mailto:editor@riponsociety.org).

We would like to know your thoughts!

Bill Frenzel  
Chairman Emeritus  
Ripon Society

# An Answer for Roger Mudd



Ever since Ted Kennedy proved unable to answer Roger Mudd's question as to why he wanted to be President in 1980, candidates running for President have made it a point to have a clear and compelling answer to that question always at hand. With the 2008 election less than 20 months away, the *Forum*

asked prominent Republicans both in Washington and around the country to put themselves in the shoes of the next GOP nominee for President. More specifically, we asked them to provide – in 250 words or less – an answer that, they believe, will not only sum up the issues and ideas of a successful Republican candidacy, but set the tone and direction of a winning campaign.



*Mickey Edwards, Washington, DC; former Congressman from Oklahoma (1977-1992), lecturer at Princeton University's Wilson School of Public and International Affairs, and Executive Director of the Aspen Institute's Rodel Fellowships in Public Leadership.*

I want to be President because I owe this country so much.

All of us in this race will want to talk about ourselves and how great we are. But the election of a President is not really about us as much as it's about the American people and about their having leaders who will help them fulfill their aspirations: to live in safety, to have a real opportunity to get ahead, to enjoy the freedoms so many Americans have died to preserve.

I have had success because I live in a country that provides broad shoulders each of us can stand on to reach a little higher. I want to make sure we keep that precious component of what it means to be an American.

I not only want to help keep America secure and prosperous and full of opportunity, but I want to preserve the system of government that has made our national successes possible. It is a President's job to provide leadership – to have a positive vision for what America can be like; to bring Americans together, across party lines, to work for common purposes; to model honesty and openness and civility in public life.

All those commitments will allow a President to lead within the boundaries of the Constitution, which makes a President not a supreme ruler but instead a citizen placed in a unique position to work with the Congress and the States to forge real solutions to the challenges we all face together.



*Myrna Blyth, New York, NY; longtime editor-in-chief of Ladies' Home Journal, founding editor of More magazine, and the author of two books, one a New York Times bestseller, and the other, "How to Raise An American," to be published in March.*

In a 2005 Time Magazine story about thirteen-year-olds, the editors themselves were surprised at how gloomy young teens were. They reported, "Almost half or 46% believe that by the time they are their parents' age, the U.S. will be a worse place to live in than it is now."

I – and I'm sure many Americans – find it troubling that our children have grown so pessimistic. Yet it is no wonder.

Far too often, they only hear about the problems our nation faces without ever hearing that our country has always been able to solve our toughest challenges. Today, we continue to have that ability because of the manifold talents of the American people and the values in which the overwhelming majority of Americans believe.

Yes, we are faced with difficulties. The war on terror is a tough and demanding battle we have been called upon to fight and at which we must succeed. We must also keep our economy growing, develop greater energy independence, make health care more available, and educate our children effectively.

Yet I believe the problems our country faces can be solved. I remain optimistic about America. I know we can prevail against our enemies as we have in the past. I know we can provide even greater opportunities for all our people in the future.

I want to be President to ensure that the nation our children inherit will be safe and will be strong – and that our children will believe that the best of America is to come.

★★★★★



*Ben Stein, Beverly Hills, CA; attorney and former speechwriter for President Nixon and President Ford, economist, college professor, television commentator, award-winning actor, and author of sixteen books, including his latest, "How to Ruin Your Life."*

The GOP is facing catastrophe from the public rage at the Iraq war. It will literally be cut to pieces if it does not reform. Here are the steps I suggest as a program of recovery for the party and the nation.

1. Immediate withdrawal from Iraq. No more American lives used to defend the Iraqis from themselves.
2. Extensive buildup of U.S. Armed Forces to prepare for possible war with North Korea and Iran.
3. A surcharge on very high income persons – above \$1 million annual taxable income – to fund a large pay increase for the military.
4. A crackdown on fraud and abuse in the executive suite to show that the party is not the pawn of the very rich.
5. Major funding to increase border security combined with funding to allow legal and needed immigrants to come here.
6. An end to all bilingual education everywhere.
7. A solemn commitment to right to life.

If I were the GOP candidate, I would try to take us back to being the party of Dwight Eisenhower – firm, conservative, small town values.

## How would you answer Roger Mudd?

E-mail us your answers at [editor@riponsociety.org](mailto:editor@riponsociety.org). We will print the best ones in our next issue. Please limit your responses to 250 words or less.



*Beverly Davis, Eden, UT; recently retired small business owner, local government official, wife and mother of seven children, GOP activist since the 1960s, current President of the National Federation of Republican Women.*

In the words of the Honorable Barry Goldwater, "Something must be done!"

I agree. I promise to restore ideas that are important to the Republican Party – ideas such as traditional American values, small government, and a strong national defense.

Our Founding Fathers acknowledged the usefulness of religion in society, a cohesive family unit and a strong sense of ethics. These values have contributed to a better society, and it is my promise that I will base my policies on these principles.

Our heritage also includes a desire for small government. Thomas Jefferson exclaimed, "Government is best which governs the least." My mission is to reduce the influence of government in your lives. We have been promised the right to life, liberty and the pursuit of happiness. However, we were not promised government entitlements or pork barrel spending. I assure you that government entitlements and excessive spending will be reduced. This principle has long since been forgotten, and I intend to get it back!

A true role of government is the protection of its citizens. The United States has always been open to legal immigration, but government has a duty to make sure that U.S. borders are secure. Additionally, I will pursue an exit strategy in Iraq that will lead to victory. I will develop a plan that will bring our courageous men and women home, thwart terrorism, and provide Iraqis with a functioning government.

Let us move forward and get our party back!

★★★★★



*Lionel Sosa, Austin, TX; Hispanic media advisor to President George W. Bush and Executive Director of Mexicans and Americans Thinking Together (MATT.org). Named one of the 25 most influential Hispanics in America by Time Magazine in 2005.*

Whoever the Republicans nominate for President must include the word TRUST in whatever it is they choose to stand for. Because in the end, voters will vote for the person they think stands for something good and the person they trust will get the job done.

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George W. Bush proved it in 2004. He never changed what he stood for – PROTECTING US FROM TERRORISM. Enough voters liked what he stood for. Enough voters also trusted him to get the job done. And in one of the closest presidential races in our history, WHAT HE STOOD FOR got him re-elected.

Given the above, if a Roger Mudd were to ask a John McCain the question, he might say: “Because as good as we have it right now as Americans, it is the time to solve the Iraqi quagmire while continuing to improve the prosperity and security we enjoy here at home. We can solve it all – including Iraq -- but only if the President listens without bias, to Democrats, Republicans, our allies around the world, the citizens of Iraq, and most importantly, to ordinary American citizens.

No one party or group of experts has all the answers. But together we do. As President, I will take this combined counsel, my experiences and my conscience to make the decisions that will keep us safe as well as prosperous. I have no doubt, that for our country, our best days are ahead.”

A John McCain would never say, “I stand for integrity and selflessness.” But his actions and his messages would.

★★★★★



*Brad Todd, Alexandria, VA; partner in the media, polling, and strategic consulting firm, OnMessage Inc., whose television ads for Michael Steele's U.S. Senate campaign in the state of Maryland won wide acclaim as some of the best of the year.*

In 2008, there will only be one acceptable answer to Roger Mudd's question – a clear definition for America's role in the world during a time of great transition. For this election, the job will choose the person and not vice versa.

The world America leads has economic and cultural challenges more complex than ever before. Information and technology bring prosperity – and the potential for instant unrest -- within reach of even the darkest corners. For 200 years our nation led because it emerged not from tribalism or geography, but because we collectively committed to one principle of absolute individual freedom endowed by the Creator.

In previous times of upheaval, military or economic muscle, exercised for its own sake, moved nations. But now, technology and economic revolution let the eyes of two hundred nations watch one – and in a short window we will either win over half a world or lose it

to relativism forever. This window tests the depth of our own convictions – are we who we say we are? Does our commitment to freedom obligate us to lead?

We face the same test on a different scale domestically: relativism challenges traditional mores, government elitism threatens individual enterprise, and hedonism tempts our long-agreed-upon obligations of compassion.

The successful 2008 candidate must motivate America to be an advocate of freedom and the perfect example of it – even when that requires sacrifice.

Roger Mudd's question this year is not “why do you want to lead” but “how should America lead.”

★★★★★



*Duf Sundheim, Palo Alto, CA; attorney and outgoing Chairman of the California Republican Party who, during his four-year tenure, oversaw the recall of Gray Davis as Governor and the election of Arnold Schwarzenegger as his successor.*

Under our administration there will be a new burst of freedom. Just as Galileo used technology to show the sun was the center of our solar system, we will use technology to put the individual, not the government, at the center of our lives.

Students, their parents and teachers – not the bureaucracy – will chart the direction, depth and speed best for the student. Similar changes will be brought to health care and retirement. You should not have to stay at a job just to maintain insurance coverage or your pension. Concern for the individual, transferability, privacy, low taxes – those will be terms synonymous with our administration.

It is incredible we still drive cars using the same energy Teddy Roosevelt used a century ago. New technologies will be encouraged not only to expedite a transition to new energy sources but to also create high paying jobs, make our lives healthier, our environment sustainable and our country less dependent on foreign oil.

The number one responsibility of the President is the protection of the American people. The struggle against extremism is not Vietnam. The Viet Cong never were going to follow us home. The extremists have already been here. Consequently, the top priority of my administration will be to protect us from those who want to destroy us and our way of life.

And finally, most important to me personally, I promise from the day I take the oath of office, to strive to earn and retain your trust.



Mary Matalin, Alexandria, VA; presidential advisor; author; radio talk show host and television commentator; who currently serves as the Editor-in-Chief of Threshold Editions, a conservative publishing imprint of Simon & Schuster.

Forget answering, “Why I want to be President”; the critical articulation for 2008 Republican presidential aspirants is, “Why I am a conservative.”

After the 2006 midterms, many Americans are wondering if the GOP remains grounded in a center-right philosophy, or for that matter, just what modern conservatism is.

For their own fortunes, the Party, and, of course, the country, 2008 candidates must reaffirm those principles that motivated the growth of the conservative movement and the policies that made it the majority governing party.

The bedrock principles have not changed; the party stopped enacting policies derived from them, starting with the foundational concept of individual freedom. Nothing stifles individual potential (and the progress produced

by it) more than bloated, intrusive government, except perhaps resistance to bold, necessary reform of antiquated systems that under gird our standard of life and quality of living.

Ironically, Information Age technology provides more tools to tackle tough kitchen table problems, but our imagination has not kept pace with innovation. Like President Bush, the *new century conservative* leader must combine a soul for reform and a mind for innovation to find practical solutions to the increasingly unavoidable issues of retirement security, health care costs, energy security, immigration and global competition.

A *new century conservative* must convey this will not be another American century if we do not eradicate the current threat of global jihadism and remain vigilant of the looming threat of China. *Peace through strength* is as imperative today as it was when Reagan faced down 20<sup>th</sup> century threats.

Conservatism was born of a faith in the American character; nurtured by a relentless optimism and confidence in our abilities. The victorious candidate will be one who authentically taps into America’s exceptionalism that drew its citizens to conservative government in the first place. **RF**

The Lilly logo, written in a red, cursive script font.

Answers That Matter.

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# The Year Ahead On Capitol Hill

ADAM PUTNAM

Plenty of explanations have been offered as to why the 2006 elections went the way they did for Republicans, but most seem to confuse the voters' overall frustration with a call for a radical policy shift.

After all, evidence of the Republican Congress's numerous successes is as plain as day. Pro-growth policies have helped create over 7.2 million new jobs in the last three-and-a-half years, over thirty eight million seniors now have prescription drug coverage through Medicare, and our ongoing offensive against terror has translated into no attacks on American soil since September 11, 2001.

For the voters, however, a loss of confidence in the integrity of the Congress and its leaders was enough to encourage them to seek an alternative.

House Republicans will work to earn back the trust of the electorate by breathing new life into conservative principles, so that we may continue to offer the American people a positive, innovative agenda that builds on the progress we have made.

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*Jobs and the economy.* As a matter of first principles, Republicans believe hard-working Americans should be able to keep more of what they earn to save and invest for the future.

That is why the Republican Congress delivered historic tax relief in 2001 and 2003, the success of which could not be clearer. The U.S. economy has grown for 21 straight quarters, and has created over 7.2 million new jobs since August 2003. Homeownership has hit record levels, and so has the Dow. In addition, we have been able to cut the deficit in half two years early. Tax cuts are working, raising more revenue than expected while keeping rates low for Americans. They should be made permanent.

We will also work to implement tough spending reform, which is an integral part of building a smaller, smarter, and more efficient federal government. If we can address the pitfalls of earmarks in a responsible manner,



continue to rein in the growth of the rate of federal spending and pass the line-item veto, we will go a long way toward getting the budget in balance sooner rather than later.

The responsibility for fiscal accountability ultimately lies with the government. And government must make the same tough choices any working family would make when faced with a budgetary crisis – reduce wasteful, unnecessary, and superfluous spending. Unfortunately, Democrats believe they can go on a federal spending spree and then raise taxes to pay for it. House Republicans will protect taxpayers from Democrat tax hikes.

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principles**

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*Protecting our national security.* Since the attacks of September 11, 2001, the first priority of the federal government has been to protect our homeland and vanquish terror.

In some cases, that has meant sending the brave men and women of our Armed Forces into harm's way. As their elected representatives, we have an obligation to do everything in our power to see to their safety and support their success.

Today, that obligation compels us to focus on events in Iraq. There are certainly differences of opinion about how best to succeed there, but our troops should never become a political tool.

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With that in mind, House Republicans have come together to craft four core principles that guide our commitment to victory in Iraq:

1. *There is only one Commander-in-Chief.*
2. *Failure in Iraq is not an option.*
3. *We are opposed to cutting off funding for our troops.*
4. *Congress has a constitutional right and obligation to exercise oversight.*

In accordance with the fourth principle, we have identified a set of strategic benchmarks designed to measure the effectiveness of President Bush's new strategy in Iraq, and to hold the Bush Administration and the Iraqi government accountable for their roles in achieving success.

Finally, we have proposed the creation of a bipartisan panel to monitor these developments, so we can work together across party lines to track these benchmarks and help ensure the success of this critical mission.

This Congress will not lack for its share of conflict on the battlefield of ideas. That is a good thing for the American people as it will allow them to see clearly where the two parties' priorities differ.

The principles of fiscal conservatism, limited government, and personal responsibility remain the beacons by which we communicate our ideas to the American people. If we can breathe new life into these values and provide an effective counterpoint for the Democrat agenda, we will have gone a long way towards restoring our trust with the American people. **RF**

**We will also work to implement tough spending reform, which is an integral part of building a smaller, smarter, and more efficient federal government.**

*Adam Putnam represents the 12<sup>th</sup> District of Florida in the U.S. House of Representatives. He serves as Chairman of the House Republican Conference.*



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# Can a Lame Duck Soar?

Or will the final two years of the Bush Administration fall flat?

JAMES R. HEDTKE

Political wisdom suggests that George W. Bush's presidency will become infected with the lame duck syndrome during his last two years in office.

The scenario goes like this: As soon as Bush missteps on Iraq, immigration or tax policy, the media and the Democrats will gleefully pounce and try to stymie his initiatives. Republican candidates, with an eye toward the 2008 elections, will try to distance themselves from the president's policies. Career administrators will hunker down and await the arrival of a new chief executive. An irrelevant Bush administration will become an empty shell unable to wield presidential power and shape national policy.

The political pundits who espouse this scenario should take a closer look at history. Contrary to conventional wisdom, the lame duck theory is more myth than reality. The parties in control of Congress, the ability of the president to bargain and persuade as well as the occurrence of exogenous events are far better predictors of presidential success than are term limits.

Since the ratification of the 22<sup>nd</sup> Amendment in 1951, only three presidents have served two full terms in office. Despite being lame duck presidents, Eisenhower, Reagan and Clinton all saw their support scores in Congress rise in their final year in office. Reagan and Clinton had higher approval ratings in their second term than in their first, and each got a lot accomplished. Even with impeachment, Clinton's support scores in Congress rose in his last two years in office. A Republican Senate approved more treaties in Clinton's last two years as president than a Democratic Senate did in his first two years.

In the fall of 2000, The Federalist Society and *The Wall Street Journal* asked 78 presidential scholars to rank the presidents. Two-term presidents dominated the top ten. Post-22<sup>nd</sup> Amendment presidents fared well, with Reagan ranked eighth and Eisenhower ninth. Bill Clinton finished 24<sup>th</sup>, ahead of 14 one-term presidents. Lame duck status seems to have little impact on empirically



measurable standards of presidential effectiveness or perceptual evaluations of greatness.

Lame duck presidents have historically not suffered from losses of power as much as they have from abuses of power. Their transgressions are monuments to the arrogance and misuse of power that have pervaded lame duck administrations. Term limits break the chain of accountability and responsiveness that link the presidency to the people. The lack of accountability can lead

presidents to resort to extra-constitutional means to achieve their agendas. Alexander Hamilton wrote in *Federalist Paper # 72* that without the opportunity for reelection, the president "has no inclination or resolution to act his part well." The actions of Eisenhower, Nixon, Reagan and Clinton all came under congressional scrutiny during their second terms of office, leading to the impeachment of one president and the resignation of another.

In his last two years in office, lame duck status is the smallest obstacle that George W. Bush needs to overcome. For the first time in his presidency, Bush will have to deal with a Democratic majority in Congress. If the Democratic leadership unleashes the partisan rancor it has harbored since the Republican takeover of Congress in 1994, presidential initiatives may be dead on arrival. As long as Bush's approval ratings hover below 40%, he will have difficulty using the "bully pulpit" to gather

**Contrary to conventional wisdom, the lame duck theory is more myth than reality.**

public support for his foreign and domestic policies. The quagmire that is Iraq continues to erode Bush's professional reputation as well as his public prestige, and thus weakens his bargaining power in Washington.

With two years left in office, Bush stands at the crossroads of his presidency. Though the prospects for a successful final 24 months in office look dim, there is still a glimmer of light. That Clinton could reinvigorate a beleaguered presidency in 1999 should give hope to Bush in 2007.

To be successful in domestic policy, the president must move toward the center of the political spectrum and embrace bridge rather than wedge issues. He may find common ground with the Democratic Congress on such issues as immigration and education. In domestic politics, Bush maintains powerful weapons such as the veto and executive orders. These instruments should be judiciously employed to further his initiatives while checking those of the opposition.

In foreign affairs, the president remains constitutionally, if not politically, positioned to accomplish his agenda. After all, despite the results of the 2006 midterm

elections, Bush remains the commander-in-chief and the chief diplomat. The Congress has few constitutional powers to challenge the president in the arena of foreign policy and the Democrats have yet to offer a concrete, comprehensive plan to end the war in Iraq. The president must press his constitutional advantages in foreign affairs to craft and implement a policy that will lead to stability in Iraq followed by the withdrawal of American troops.

If the president can establish a bipartisan rapport with the 110<sup>th</sup> Congress and show progress in stabilizing the situation in Iraq, he may regain the public trust vital to successful governance in a democracy.

In the end, the success or failure of Bush's last two years in office will hinge largely on events in Iraq, not on his lame duck status. If his recent policy and command changes in Iraq prove to be effective, this lame duck might yet soar. **RF**

**In his last two years in office, lame duck status is the smallest obstacle that George W. Bush needs to overcome.**

*James R. Hedtke is the chairperson of the History and political science department of Cabrini College in Radnor, Pennsylvania and author of Lame Duck Presidents: Myth or Reality (Mellen Press, 2002).*

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# What's the Matter with Washington?

WILLIAM B. LACY

Tom Frank generated a big buzz – at least here in Kansas – with his book *What's the Matter with Kansas?* Told from a distinctly liberal ideological perspective, the book rips us crazy right wingers but misses the bigger issue: What's the matter with Washington?

Let's face it; we Republicans got our heads handed to us in the last elections. After many of us had toiled for years to get a Republican majority in Congress, we proceeded to lose it in just twelve years. Prior to 1995, the Democrats had controlled Congress, or at least one house, for *forty years*.

It took us only twelve years to lose it.

But that's not the entire story because both parties are equally to blame for the failures of Washington. So, from a broad perspective, what exactly is wrong with Washington?

One day a conservative legislator commended me on the job I was doing at the Robert J. Dole Institute of Politics at the University of Kansas, a bipartisan institution. But she astounded me when she complained that we hadn't featured enough conservatives. I pointed out the many that had been to the Dole Institute, including a number of Reagan and Bush (41) leaders. Her response: "I wasn't involved in politics then... why would I care about them?"

The fact of the matter is that a great number of politicians on both sides of the aisle have either forgotten history or simply never learned it. They don't understand leadership. That's a troubling notion because it means that many of the things that made us great as a country have been cast aside for partisan rancor in recent years.

Using two Republican icons – Ronald Reagan and Bob Dole – as guides, let's look at why I believe our politics is broken. I would like to address four specific areas:

1. *The pervasive lack of respect and civility in Congress.* Washington isn't unique in this respect, but the folks in Washington are supposed to be our leaders. It's important to hold to one's principles but why does that mean you must dislike someone of different views? The bitterness and divisiveness that sets the tone for national

politics reflects our popular culture that has grown increasingly coarse, profane and violent, but that doesn't excuse our leaders for the constant partisan invective.

Reagan and Dole made it a point to get along with everyone, regardless of party affiliation or ideology. President Reagan was known to fight Speaker Tip O'Neill during the day and enjoy a pint with him at night. I never heard the President speak ill of another. Senator Dole practiced civility on a continuous basis, not only with his colleagues but with everyone he came into contact with, from Capitol elevator operators to members of the cabinet.

We seem to have lost sight of the notion that we can respect an individual and yet still disagree with them.

2. *Character doesn't supplant ideology, but neither is the inverse necessarily true.* As a conservative college student in 1972, I didn't care for George McGovern. But later I read about all the missions he flew in World War II and got to know him a bit, and now I respect him immensely. We still disagree on most issues. The point is that both Reagan and Dole would agree with the premise that any time you assess an individual you can't ignore their character. One of the problems in Washington is that if you don't match

up correctly from a philosophical perspective, you aren't right. No matter how exemplary their character, those out of tune philosophically are wrong. The inverse seems to hold as well: If you agree philosophically, character is irrelevant.

Again, look to Reagan and Dole. They put their philosophy ahead of character, but always considered the latter.

3. *Compromise is not inherently evil.* This view is rejected by many from both parties. Politics has turned into a zero sum game where it's all or nothing. Now, while accepting the notion that compromise is viable on some issues without betraying one's philosophy, it's not true on all the problems we face as a nation. I am not suggesting that our leaders abandon their philosophical anchors for the sake of the deal. That doesn't recognize



William Lacy

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the unique nature of many of the problems we face.

But contemplate this point: If the Founding Fathers had refused compromise as a point of principle, we would still be paying taxes to the King.

Reagan used to always say that he'd rather have 80% of something than nothing. Bob Dole was a master of compromise. Like, Reagan, he sought to achieve his big goals while being less concerned about giving ground on the small ones; the point being compromise isn't good or bad – it's simply people of different viewpoints realistically understanding the way politics works.

4. *Politics should always be a clash of vastly different ideals.* Our leaders can respect each other, recognize that colleagues of marginal character are not rendered pure by their philosophy and be open, on some issues, to the concept of compromise; yet the two parties have a responsibility to present different points of view to the American people.

The goal of politics isn't to devise a way to go down the center on everything; it is to offer the voters two opposing philosophies to choose from. Both parties have moved away from this premise. Democrats have backed away from their traditional beliefs for fear of being labeled "liberal." Republicans have over the last few years actually embraced big government. Isn't "big government conservatism" an oxymoron? The voters

said just that last November and punished us for getting away from our core values.

Reagan and Dole both saw the philosophies of the parties as profoundly different. In many ways, that governed their world views. Reagan spoke constantly about a political banner of bold colors, not pale pastels.

We live in a vastly different time than when President Reagan and Majority Leader Dole represented these ideals. Some may think me naïve for believing we can get back to them. But if we can't, how can we fix Washington?

Both parties are on the wrong track and have lost sight of the true nature of our governing system as defined by the Founders. It's our responsibility as Republicans to recognize this and work to fix it. There are good people on both sides – *albeit* with dramatically different views. It's time for our leaders to incrementally move in this

direction as a style of governance, and hopefully soon.

Before it is too late.

**RF**

*William B. Lacy is the Director of the Robert J. Dole Institute of Politics at the University of Kansas. Previously, he served as the political director at the Republican National Committee, and as a strategist on Senator Dole's 1988 and 1996 presidential campaigns.*



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# Why Ideas Matter

GOVERNOR  
HALEY R. BARBOUR

“Ideas matter,” said Margaret Thatcher on her march to become Britain’s Prime Minister in the late 1970’s.

For some of us, that was not very long ago. We can recall the steely confidence she maintained in the face of long odds and the advice to avoid alienating voters by presenting clear thoughts about what needed to be done to reverse the downward spiral her country had seemed unable to end.

Mrs. Thatcher understood that, in a democracy, what excites voters and makes them activists is the chance to support candidates who have clearly articulated ideas about policies that will improve their lives, their communities and their country.

People don’t get involved in politics because of the thrill of knocking on doors, asking people for money, or attending precinct meetings. They get involved to help elect candidates who will implement policies they believe will solve problems.

It is wrong to consider this a selfish act. My experience shows me those who are most involved in politics and political campaigns are individuals who care deeply about their community, state and nation. They understand that what government does and does not do makes a difference; and they understand that the ideas surrounding campaigns direct, or should direct, what elected officials do in office.

Nothing focuses the mind so much as a defeat. In victory, there is a tendency to think everything is great, that our approach is right on target. When we lose, unless we want to repeat the experience, we rethink things. We examine what is right and what is wrong. While the Republican defeat in 2006 was predictable, that defeat requires our party and its leaders to carefully review what happened and why. As always, we must start with policy issues.

## “Be For What You’re For”

After President George H. W. Bush lost his bid for re-election in 1992, I was elected Chairman of the Republican National Committee (RNC). Before and after being elected Chairman, I said many times that Americans



had not changed their minds about the policies they had voted for in 1980, 1984 and 1988; rather they had changed their minds about us. Millions of our voters had decided by 1992 that we were not adhering to the principles and policies they had voted for in the previous three national elections.

From my first day as Chairman of the RNC, I was determined to restore the Republican Party to its rightful position as the “party of ideas.” It was one of the four promises I made in that campaign (the others were to bring back our small donor base, rebuild self-reliant state parties, and assure the GOP was on the cutting edge of communications technology.)

There was not a shred of doubt in my mind the victories won by Ronald Reagan in 1980 and 1984, as well as that of George H. W. Bush in 1988, were the result of Americans sharing with us a common vision about what was needed for our country – lower taxes, limited government, and a strong national defense. Voters wanted results on important issues, and they knew good policies would produce those results. Reagan proved them right. As he often said, “Good policy is good politics.”

One of the first things I did at the RNC in 1993 was to send out a letter to 280,000 Republican leaders and donors. We specifically told the recipients, “Don’t send money.” Instead, we asked them to complete a long questionnaire that seriously explored various options on critical public policy issues. It took about an hour to complete the survey, yet more than 80,000 took the time to do just that. It was a powerful affirmation of how central ideas are to

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political participation and involvement.

The results of the survey weren't surprising. They confirmed the GOP is the center-right party of the United States, but it is a broad, diverse party. Yes, we're the conservative party, and the Democrats are the liberal party; but you don't have to agree with Haley Barbour on everything to be a good Republican.

Recognizing that Republicans earnestly wanted a platform to debate and refine policy ideas on critical issues, we formed the National Policy Forum (NPF). It helped the GOP regain the position as the party of ideas.

Similarly and not coincidentally, the historic 1994 Republican victory was a victory for ideas. "The Contract with America" was an agenda of ten policy proposals, all positive. The "Contract" never mentioned Bill Clinton or the Democrats. It was an unprecedented – and many thought risky – effort to nationalize a midterm election as a positive referendum on an alternative policy platform offered by the minority party. The result was the greatest midterm majority sweep of the 20<sup>th</sup> century.

Belief in the power of ideas and good policy shaped my campaign for Governor of Mississippi as well, and it has directed my work in office. Throughout the campaign I talked about the problems facing our state, and I offered policy solutions for those problems. In the campaign we called it "Haley's Plan." When I was elected, "Haley's Plan" became the governing agenda. Despite having Democrat majorities in both houses of the Legislature, "Haley's Plan" has largely been enacted in the last three years.

I believe good policy is good politics. I always tell candidates and office holders: "The best thing is to be for what you're for. Don't try to be for what's popular; be for what you really believe is right."

## Set Priorities and Keep Your Word

Leaders don't give into pollsters or advisers who counsel ways to evade. Instead, you should trust yourself and trust the voters. Voters don't expect any candidate to agree with them 100% of the time. But voters do expect you to keep your word. Even those who disagree with you on an issue will respect your leadership and recognize your trustworthiness when you do what you said you were going to do.

In the 2003 campaign, voters consistently heard me repeat policy themes: comprehensive tort reform to end lawsuit abuse in Mississippi; an honest balanced budget without raising anybody's taxes; and education as the number one economic development issue, with a new

emphasis on workforce development and job training.

Our state had suffered a net loss of 38,300 jobs during my predecessor's term, and I recognized people elected me to turn that around. I saw those three issues as central to achieving that.

Tort reform was a bloody fight in the House, where the Speaker and the Chairman of the Judiciary Committee were strongly opposed to my ideas for reforming the civil justice system. After a month-long battle, including a Special Session I called for the sole purpose of passing the tort reform bill that the Senate had already passed three times in Regular Session, the House leadership allowed the bill to get to the floor. By large majorities, Mississippi passed what the Heritage Foundation called "the most comprehensive tort reform bill any state has passed."

New emphasis on workforce development and job training was much easier, as it received overwhelming bipartisan support in both houses.

Two other priorities clashed in the first half of my term: getting the budget balanced and funding education.

The year I was elected governor, state government had a \$720 million budget shortfall, with a General Fund budget of only \$3.6 billion. The gap had been made up by a variety of gimmicks, but it was clear that our state wasn't going to dig out of this worst financial mess at least since the Depression without tough decisions.

Of course, many in the Legislature plus their editorialist allies preferred raising taxes to controlling spending. I knew raising taxes is the enemy of controlling spending. As I had said many times during the campaign, "We're not in a \$720 million budget

hole because we tax too little; it's because we spend too much."

The tax increase argument never took hold, so we began two years of tough choices in spending. Education spending went up, and we funded two consecutive 8% teacher pay increases – the two largest in history. But the education leaders didn't get as much as they wanted.

We did, however, get spending under control, and in two years, that \$720 million shortfall became a \$70 million surplus. And this year's surplus will be larger. This was achieved without raising anybody's taxes.

A big part of this was our economic turnaround. After losing more than 38,000 jobs the previous four years, we've gained a net of more than 30,000 in these three years – despite Katrina, which caused 70,000 people to lose their jobs.

Not only are more people working, but incomes are up substantially, as well. More taxpayers and more taxable

**Nothing focuses the mind so much as a defeat. In victory, there is a tendency to think everything is great, that our approach is right on target. When we lose, unless we want to repeat the experience, we rethink things.**

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income mean more state revenue. State tax collections will increase by more than 35% over these four years.

At the same time, we've kept spending under control. In the last fiscal year, state spending increased less than 1%!

Let me emphasize that we didn't control spending by shortchanging our priorities. While the education community didn't get everything it wanted, in the four years of my term as governor state spending for K-12 schools will have increased by 25%, or nearly \$480 million – the largest increase in K-12 spending in any four year period under any governor in Mississippi history.

Spending for higher education, our universities and community colleges will go up more than one-fourth, while funding of workplace development and job training has doubled.

We've also prioritized state law enforcement. As in most states, drug crime is the major crime problem in Mississippi. With strong bipartisan support, we've taken a multi-faceted approach to attacking crime. Our Legislature has made the raw ingredients for crystal meth harder to purchase. We have increased the number of state troopers and narcotics agents. We are running our correction system at a significantly lower cost per prisoner, while expanding alternative punishment programs.

This year I've asked that mandatory prison time be lengthened for both committing a crime with a gun and for a felon being caught in illegal possession of a gun. This way, we can attack gun crime without infringing on law-abiding citizens' constitutional rights to keep and bear arms.

In the process, we've stayed faithful to the policies laid out in the campaign in 2003.

### **Policies Based on Principle**

This year, I will run for re-election. And I will run on my record. I'll run a campaign of "promises made and promises kept." And, critically, I can campaign on the results these policies accomplished: rising incomes and job creation instead of job disintegration; record increases in support for education at all levels coupled with the most comprehensive education reform package in a quarter century; still falling liability premium rates in the wake of tort reform and an end to physicians leaving our state over lawsuit abuse; improved and expanded workforce

development and job training programs; and a budget in the black without raising anybody's taxes.

Good things are happening in Mississippi, and good policy is key to the turnaround. I believe voters will reward that at the ballot box just as I believe politicians pay a price for not staying true to their policy promises.

My own view is that the GOP losses in 2006 are at least partially attributable to our voters' view that Republicans had strayed from the policies we had campaigned on during and since 1994. Complaints about excessive spending and bigger government were heard in every precinct where Republican voters gathered. Corruption and scandal also made voters feel betrayed. Both took a toll at the ballot box.



**We must give voters something to be for – superior ideas for public policy about the issues that count. Spin has to take a backseat to substance.**

Of course, long wars are unpopular in America, and the Democrats' ability to make many voters see the 2006 midterm election as a referendum on Iraq was the biggest factor last November.

The good news is the Democrats didn't offer the electorate any alternative policies. Even on Iraq, the Democrats either couldn't agree or feared their alternatives would be unpopular. The Democrat messages were simply, "It's time for a change," and, "We're not the Republicans."

Despite the six-year itch, an extremely unpopular war, the President's low job approval and the GOP base's unhappiness over excess spending and scandal, the Republican loss was about average, and we start off far ahead of where we were after the 1992 election. We have 49 Senators (versus 43 after 1992); 202 Members in the House (versus 174 after 1992); and 22 Governors (versus 17 after 1992).

Plus we know the American people haven't bought into the Democrats' governing agenda. The Democrats haven't offered one!

So what do we need to get back in the majority? The key is the same as always.

We must give voters something to be for – superior ideas for public policy about the issues that count. Spin has to take a backseat to substance.

Our biggest advantage in doing this is that most Americans agree with Republicans on most issues. Our ideas of individual freedom and personal responsibility trump Democrats' belief in government control and government responsibility. Lower taxes for all are preferred to government's taking more and more of what

people work for and earn.

Just go down the list, and you'll find most Americans agree with basic Republican policy and principle on most issues. More Americans are center-right, which is why the Left has tried to banish the word "liberal" from the lexicon.

Obviously, not everybody agrees with the Republicans on everything, because we don't agree with each other on everything. Ours is a large, diverse, broad-based party, and it would be silly to think that in a party which can win a majority of governors, senators, and congressmen six elections in a row, everybody would agree on everything. My wife of 35 years and I don't agree on everything!

Yet, our values, principles and policies are what unite us as Republicans. We agree on a whole lot more than we disagree on, and we must emphasize those things that unite us.

Moreover, we must improve these policies and constantly update them and their implementation. Just as the issues change over time, we can't stand still.

Our fundamental values and principles are extremely adaptable to the changing issue set because they are tethered to such a strong, durable foundation. It stands the test of time.

A corollary to building your party and political support on policy is to not only admit but also to value that not every good Republican will agree with you on every issue. As my old boss Ronald Reagan used to say, "A fella who agrees with you 80% of the time is your friend and ally, not some 20% turncoat." Amen.

So, for me, I look forward to a lively, inclusive debate on how to best solve the problems facing Americans. Good policy proposals will be refined and polished; some will be old ideas, updated for the issue as it confronts us today. Others may seem new to us, as when Reagan embraced supply-side economics. But they should all be rooted in the values and principles that bind us together as Republicans.

Then, if we articulate these effectively, most Americans will agree with us, and we'll soon be back in the majority. And, if we continue to adhere to those policies and principles, we will stay in the majority for a long time.

Because ideas matter.

RF

*Haley R. Barbour was elected Governor of Mississippi in 2003. From 1993 to 1997, he served as Chairman of the Republican National Committee.*

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# Ideas and the Bottom Line

THOMAS H. DAVENPORT

In political and other organizations, long-term success is driven by a culture of ideas for improvement.

In politics, the ideas need to be not only about how to get elected, but also about better ways to serve citizens, organize and manage government, and improve public welfare. In profit-making organizations, the ideas should be about new products to offer customers, or new ways to manage organizations and should be more efficient and effective.

If an organization isn't talking about both sets of ideas, it isn't likely to be successful for long.

## Westinghouse and GE: A Study in Contrasts

Take, for example, Westinghouse and General Electric, two firms that once had many things in common.

Westinghouse Corporation was, at least in its early years, an innovative firm, particularly with regard to the products it offered to the marketplace. The company brought to market the electric power plant, air brakes, the shock absorber, nuclear power, commercial radio, radar, frost-free refrigerators, and many other less dramatic innovations.

More recently, however, it was less innovative in terms of new products, and not innovative at all in terms of how to manage its business. By the early 1980s, financial results and market share (the corporate equivalent of votes and polling data) had become the overriding focus of its executives. Increasing the price of its shares was the only consideration; everything else was expendable.

General Electric, Westinghouse's competitor since the late 19th century, has also been innovative in terms of products. However, what makes GE truly distinctive

is that new ideas about business and management were avidly pursued and viewed as part of the company's fabric. Certainly, the company sought financial targets, and it bought and sold many businesses. But its history was one of ideas implemented successfully.

In the 1950s, CEO Ralph Cordiner spoke of "customer focus" and "decentralization as a management philosophy." Cordiner emphasized "continuous innovation in products, processes, facilities, methods, organization, leadership, and all other aspects of the business."

GE under Jack Welch in the 1980s and 1990s was a veritable idea machine. He trumpeted the concepts of "Work Out," "boundarylessness," "speed, simplicity, and self-confidence," "Six Sigma," and "digitization," among several other ideas. His letter in GE's annual report became a reliable place to find the management ideas that would reshape GE – and many other firms – over the subsequent months and years. GE's current CEO, Jeffrey Immelt, has shifted the focus somewhat toward product innovation, but GE still values managerial innovation far more than most firms.

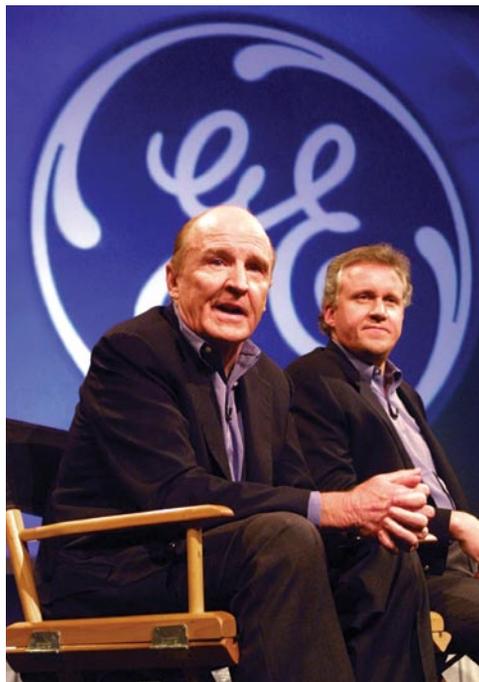
The result is that GE is currently one of the world's most valuable corporations. Over the past two decades, the company has delivered more than 20% annual growth to shareholders each year. *Fortune* magazine named Welch "Manager of the Century," and ranked GE the "Most Admired Company in America" three years in a row; the *Financial Times* gave GE the "Most Admired Company in the World" award.

Westinghouse, on the other hand, is effectively dead as a company. Its businesses were dismantled and sold off; only its brand remains on Chinese televisions and British nuclear

power plants. Its death came as no surprise, as its financial performance had languished for many years.

Why did GE rise to the top of the industrial heap, while its onetime powerful rival sank into the graveyard? Why did GE's financial performance shoot off the charts, while Westinghouse's descended into oblivion?

There are many factors that can explain the disparity in these companies' fortunes, but one is surely their differential embrace of ideas for business improvement. Of course, there are factors other than ideas and idea-oriented people that account for GE's success and Westinghouse's demise.



General Electric Chairman and CEO Jack Welch at the 2000 news conference announcing the appointment of his successor, Jeffrey Immelt.

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But the companies' orientations to ideas were certainly contributors to their respective fates.

## Ideas in Government

The U.S. government doesn't generally develop products, so it must focus on innovations in services, processes, management, and leadership. Unfortunately, over the last decade or so, both Republicans and Democrats in Washington have resembled Westinghouse more than GE.

Indeed, the parties have proven to be extremely innovative when it comes to getting elected; witness the GOP's use of micro-targeting technology in the 2004 general election and the Democrat's effective use of blogs last fall. When it comes to proposing new solutions that will make a difference in people's lives, though, they fall back on ideas such as raising the minimum wage that are well-worn and depressingly familiar.

It doesn't have to be this way. At various times in our history, political parties have been engines for governmental innovation. In the 1930s, Democrats introduced a wide variety of reforms and new approaches to governance in the New Deal. In the early 1990s, Republicans in Congress combined more than ten innovative policies into the Contract with America. At the same time in the Executive branch, the Clinton Administration established the National Performance Review, with over 1,200 recommendations for improving the efficiency and effectiveness of the federal government.

Innovations also come from government at the state and local level. States, for example, were conceived by the Founding Fathers as "laboratories of innovation." They have actually played that role well – from Massachusetts' role as the laboratory for the U.S. Constitution, to the many states that have pioneered e-government. Cities – particularly large ones – can also create innovations that can influence all of government.

Witness New York's adoption of the "Compstat" approach to crime control that has influenced the way even Federal law enforcement agencies work today, and the many innovations from charter schools that are shaping Federal educational policy.

## The Idea Practitioners

Ideas in government at any level, however, need a fertile environment in which to grow. Just as General Electric had leaders who nurtured the creation and application of ideas, political leaders who are strong idea advocates are needed as well.

FDR, Newt Gingrich, Al Gore, and a number of governors and mayors – including Eliot Spitzer and Michael Bloomberg in New York – certainly qualify. Outside of the U.S., Britain's Tony Blair and Thailand's Thaksin Shinawatra (recently deposed not for a paucity of ideas, but largely for ethical shortcomings) are or were idea-focused leaders. They don't necessarily come up with all the ideas themselves, but they surround themselves with innovative people and institutions.

Institutions, in fact, are key. For corporations, the relevant ones are business schools and consulting firms. For government, there are of course schools of government – the Kennedy School at Harvard occasionally injects some new ideas into the polity – but the major players are think tanks. The Heritage Foundation, for example, played a major role in creating the Contract with America, and the Brookings Institution was instrumental in the National Performance Review.

In addition to innovators from outside, idea-focused government (like idea-focused corporations) needs insiders as well who make it their jobs to find better ways to run their organizations. I call them "idea practitioners."

Over the years I've come to know a goodly number of such individuals, but there probably aren't enough.

These are mid-level executives like Chris Hoening, who helped to introduce Chief Information Officers, solutions to the Y2K problem, and national-level social indicators to the U.S. government in his tenure at the Government Accountability Office. Sam Hunter helps the General Services Administration establish innovative and high-performing government facilities; who else but an idea practitioner could head an "Office of Applied Science" at the agency? Mitzie Wertheim introduced activity-based costing to the Department of Defense. None of these managerial innovations were revolutionary, but each makes government work better.

There is no shortage of challenges for our government. Our national competitiveness is slipping, we're not faring particularly well in foreign relations, we could do much better at educating our children, and we haven't solved the human problems of crime or addiction.

It's time for Democrats and Republicans to devote more attention to innovative ways to solve these problems, and less to simply getting into and staying in office. **RF**

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# The Importance of Entrepreneurship to America

STEVEN PRESTON

Starting a business is not easy. Entrepreneurs must be willing to take risks others won't. They must work around the clock if necessary, often acting not only as the CEO of their company, but the head of sales, head of finance, and whatever else it takes to get the job done.

It's hard work. In fact, I often say small business owners match every dollar of equity with \$10 of sweat equity. But that's also why they're successful where others are not. America has an economy that regenerates, is flexible, and adapts to opportunity in large part because our entrepreneurial culture has taught us to dream, to see possibilities, and to act on these possibilities.

Why is this important? Since August 2003, more than 7.2 million jobs have been created—more jobs than the European Union and Japan combined. Our economy has now added jobs for 41 straight months. And American workers are taking home more pay with those jobs. Real after-tax income per person has risen by 9.6 percent – \$2,840 – since the President took office.

Such growth occurs in large measure because of the perseverance and productivity of our Nation's entrepreneurs.

## Nurturing the Innovators

Small businesses drive our economy. They create 70% of the new jobs and represent more than half of our non-farm private GDP.

They drive a tremendous amount of the innovation in our country; small patenting firms produce 13 to 14 times more patents per employee than their larger competitors do. Small business



**Small businesses drive our economy. They create 70% of the new jobs and represent more than half of our non-farm private GDP.**

ownership allows people to realize dreams, not only for the owners and their families, but for those they employ and those they serve.

One of the goals of the Small Business Administration is to be a partner to entrepreneurs. Over

the years, the agency has helped many of our best known corporate icons get their starts. Intel, America Online, Outback Steakhouse, Apple Computer, Amgen, Ben & Jerry's, Callaway Golf, Staples, Under Armour, Nike, and Federal Express all received help from one of SBA's programs.

Today, we help entrepreneurs in numerous ways:

- The SBA lends or guarantees more than \$78 billion in loans and investments;
- It helps small business procure a fair share of government contracts, a record \$80 billion in 2005;
- Last year, SBA and its technical assistance partners counseled nearly 1.5 million entrepreneurs and its website received 26 million hits;
- Through its Office of Advocacy, SBA helps protect small business from harmful new government regulations, and through its National Ombudsman it helps small business deal with unfair application of existing regulation;
- Over the last six years, SBA lending to minority entrepreneurs has increased over 150 percent. The number of entrepreneurs receiving SBA counseling is up 40 percent.

We are a small agency with a very big reach. We are also an agency with a very big job. Over the past 18

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months, one of the biggest parts of our job has been to help people along our Nation's Gulf Coast recover from the 2005 hurricanes. The agency provides low interest, long-term disaster loans to homeowners and small businesses.

In the wake of this disaster, the SBA was simply overwhelmed trying to respond to the demand for construction loans. To accelerate the distribution of funds, it was clear we needed to eliminate bottlenecks in certain areas, reduce errors and rework, and provide a more responsive and compassionate face to the disaster victims.

Since last summer, we have fully redesigned our workflow from a production line with inadequate coordination and communication between functions to 15 person functionally-integrated teams with much greater authority to make decisions and manage accountability for results. We moved 1,300 staff to support this new process. Each borrower has a relationship manager who understands their issues and can advise and assist them through the process. We began by contacting over 90,000 borrowers in the Gulf Coast region to reestablish those relationships. We have also instituted much tighter tracking and management of outcomes.

In our most problematic process, we have virtually eliminated our backlogs and improved our response time by almost 90 percent. We are now working to help people with issues once considered outside our purview. The SBA has also been busy on the ground helping small business owners get their lives back through counseling and lending support and helping entrepreneurs access much needed revenue from the government rebuilding efforts taking place.

Of 160,000 applicants with approved loans from the 2005 hurricanes, 98% have now either received all or some of their loan money, or have chosen not to proceed with their loans, generally because

they secured funds elsewhere. And of the \$7 billion in approved loans requested by borrowers, we have now put \$5 billion in SBA disaster-assistance funds to work rebuilding businesses and homes along the Gulf Coast. Approximately \$2 billion in additional commitments are available to be disbursed when the borrowers request them.

## **An Environment to Succeed**

Whether it is someone trying to rebuild a business or start a new one, the Small Business Administration remains committed to helping

**We want entrepreneurs to think big because they are the engine driving better jobs for Americans, greater competitiveness in the global marketplace, and transformation for our communities.**

entrepreneurs in the United States succeed.

As we continue our efforts in this regard, it is critical that we have thoughtful, fiscally responsible policies to unleash the power of entrepreneurial capitalism in underserved markets in this country. SBA works to drive successful, sustainable, business formation into underserved markets. I believe this is the heart of the President's notion of compassionate conservatism.

We have a new Congress and should expect from it a continuation of the sound economic policies that have fostered an environment where innovation succeeds and small businesses flourish, fuel our economy, and create more jobs. We do this by:

- Making it easier for small businesses and their employees to obtain affordable, high quality health insurance;
- Keeping taxes low and reforming an unnecessarily complex tax code; and,
- Cutting burdensome government regulation and red tape.

With the President, I believe ownership anchors us in what is important. SBA not only works with start-up businesses, but with small businesses hoping to expand to the next level. Through training, contracting, and loans we can help entrepreneurs expand locally or even into new communities, or to start new businesses, creating more jobs.

Foreign markets are more open to U.S. small business exporters than ever before thanks to fewer trade barriers, improved communication and the ability to ship goods more cheaply.

We want entrepreneurs to think big because they are the engine driving better jobs for Americans, greater competitiveness in the global marketplace, and transformation for our communities.

The men and women of the SBA have the honor and the responsibility of helping that engine reach its potential.

In doing so, the legacy we leave will be in the stories of every American we empower – today, and for many years to come. **RF**

*Steven Preston is the Administrator of the U.S. Small Business Administration.*

For more information on the Bush Administration's Entrepreneurship Agenda, please visit <http://www.whitehouse.gov/infocus/smallbusiness/>

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# Polling the Risk Takers

What entrepreneurs really want the government to do.

CARL J. SCHRAMM, PH.D.  
AND ROBERT LITAN, PH.D.

The U.S. economy has enjoyed remarkable success during the past decade. Annual productivity growth has surged to a post-World War II high of nearly three percent, unemployment hovers near or below five percent, and inflation remains strikingly stable in the two to three percent range. Why? And how do we keep it up?

Some say the secret is information technology. But while statistically the IT revolution does account for the acceleration of U.S. productivity growth, it turns out that something else was the true spark of this revolution – the rise of innovative, entrepreneurial companies as major economic drivers in the United States. From Microsoft, Intel and Apple in IT to Home Depot and Wal-Mart in retail and Genentech and Amgen in biotech, entrepreneurial firms (whether large or still small but with promise) have been America's primary economic transformers.

For years, the Ewing Marion Kauffman Foundation has supported public policy research related to entrepreneurship. We have found that the relatively small fraction of entrepreneurs who bring to market new or innovative products or services or means of producing or delivering them deserve special attention. Now, for the first time, we are bringing together our work and that of our grantees to develop tentative thoughts

on policies that seem most conducive for maintaining, and ideally strengthening, our entrepreneurial economy.

First, a little history: Beginning more than a quarter century ago, a range of national policy changes lowered obstacles to innovation, increased the potential rewards of entrepreneurial risk taking, and facilitated and accelerated the U.S. shift toward entrepreneurship. These changes included:

- Tax reforms that enhanced rewards for taking entrepreneurial risks, especially lowering capital gains tax rates and individual marginal rates;
- Permitting pension funds to invest in venture-capital partnerships; and,
- Legislation that accelerated (however imperfectly) commercialization of university research.

So what's next? What policies should America adopt now to keep these good times of rising productivity, employment and income rolling? To answer this question, we asked the editors of *Inc.* magazine to assemble a group of successful entrepreneurs with an interest in public policy and find out what specific challenges to future entrepreneurship they thought confronted the United States. We added to the formal feedback we obtained from about 20

of these individuals the insights we have gained over the years through our extensive interactions with entrepreneurs and those who finance them.

Four topic areas stand out from these discussions. Here they are, and the policies we currently believe that best respond to the concerns in each:

**1. Ensuring a Skilled Workforce:** Successful entrepreneurs tell us that



- Removal of legal barriers to entry and price controls in a number of key industries, in particular transportation and telecommunications, whose subsequent declining costs made it easier for new firms to start and grow;
- Presidential Executive Orders requiring federal agencies to study costs and benefits of proposed regulations;

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the biggest constraint on their growth and on the formation and growth of successful enterprises in the future is finding “talent” – that is, skilled individuals with an entrepreneurial bent. Big business also faces the same challenge. Meeting it will require improvements and innovation throughout our educational system (K-12 and higher), as well as more enlightened immigration policies. America especially needs more highly skilled foreign workers who want to be part of new businesses here.

**2. Promoting Commercialization of Innovation:** This requires action on several fronts: enhancing government funding of research in basic science and engineering (which have been relatively neglected of late compared to the large increases in funding in the health sciences); shifts in patent law so that protections are not overly broad and will not inhibit the creation of innovative, new firms; improving ways that university-developed ideas are commercialized; and funding efforts to identify and take advantage of innovations developed abroad, just as foreign companies have been doing with U.S.-based innovations for decades.

**3. Limiting Overly Burdensome Regulation and Liability Litigation:** Because of their size, entrepreneurial firms often bear a disproportionate cost of excessive regulation and liability litigation. Accordingly, entrepreneurs have the most to gain from sensible reforms requiring all major federal (and state) regulations to be implemented only if estimated benefits exceed costs, and by adoption of further liability law reforms (without reducing incentives for all companies to make safe products). Three liability reforms are illustrative: adopting a federal product liability law to bring uniformity to and thus less uncertainty surrounding liability standards; limiting or prohibiting the award of punitive damages where defendants have complied with prevailing regulatory standards; and adoption of the “English rule”

on attorneys’ fees (loser pays) for litigations involving commercial interests (to better discourage frivolous litigation).

**4. Reforming Health care:** Escalating health care costs and uncertainties about future trends rank high on entrepreneurs’ lists of concerns. Big business is concerned as well, having to face global competitors from countries where health care costs are picked up by the government. Meanwhile, the fear of losing health insurance compounds workers’ anxieties about job loss itself and deters too many from leaving their current jobs to launch new enterprises.

The underlying source of all these concerns is that the overwhelming majority of Americans obtain their health insurance through their

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employers, rather than buying it on their own, as they do with insurance on their cars, homes and personal liability. This happened quite by accident – dating from attempts by firms during World War II to avoid wage controls by adding such benefits as health insurance to pay packages, and a ruling at that time by the Internal Revenue Service that employers could deduct health insurance costs for income tax purposes. Since then, employer-provided health insurance has exploded, and so has the cost of this tax exclusion to the federal Treasury – over \$125 billion, and counting.

If the central problem is the linkage between employment and

health insurance, then the solution is equally clear: policy makers must find a way of breaking this connection. The President offered one way of doing this in his State of the Union address: extending tax deductibility to individuals who buy health insurance on their own, and financing it with a cap on employer-provided health care. Conventional wisdom has it that this idea is “dead on arrival” with Democrats now in control of Congress. But the concept is a bold one, and putting aside the details of the President’s proposal, it clearly moves in the right direction from an entrepreneurial perspective. It also would help address worker and big business concerns as well.

Readers will notice that these topics and the policies they seem to imply reach far beyond the traditional subjects that policymakers in Washington and elsewhere discuss when thinking about how to promote entrepreneurship: increasing the budget of the Small Business Administration, or reserving a certain percentage of federal contracts for small business.

Indeed, the policies that are likely to be most conducive to truly innovative entrepreneurship – and thus to enhancing our rate of growth – are the broader policies that are or should be of concern to all Americans.

It is time for policy makers and citizens to recognize that what is best for innovative entrepreneurship is likely to be best for the economy as a whole. **RF**

*Carl Schramm and Robert Litan are CEO and vice president, respectively, of the Ewing Marion Kauffman Foundation in Kansas City, Mo., the nation’s largest foundation devoted to promoting entrepreneurial success. This essay is excerpted from a new paper, “On the Road to an Entrepreneurial Economy: A Policy and Research Guide,” which can be downloaded from [www.kauffman.org](http://www.kauffman.org) starting February 26.*

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# America's New Immigrant Entrepreneurs

VIVEK WADHWA

Two of the most important questions now being debated in the U.S. are the effects of globalization and immigration on the nation's economy.

Globalization is accelerating, and it is still not clear whether trends like outsourcing will erode U.S. competitiveness or provide long-term benefits. The focus of the immigration debate is on the plight of millions of unskilled immigrants who have entered the U.S. illegally.

Forgotten in this debate are the hundreds of thousands of skilled immigrants that enter the country legally.

A new study shows these skilled immigrants provide the U.S. a greater global edge. They contribute to the economy, create jobs, and lead innovation. Immigrants are fueling the creation of hi-tech business across our nation and creating a wealth of intellectual property.

The study also raises a concern – an increasing percentage of our international patents are being filed by foreign nationals who may not be here to stay.

The research conducted by my students at Duke University in collaboration with Dean AnnaLee Saxenian of the University of California, Berkeley was titled, "America's New Immigrant Entrepreneurs." We interviewed 2,054 engineering and technology companies started in the U.S. between 1995 and 2005. Here is what we found:

- In 25.3% of these companies, at least one key founder was

foreign-born.

- Nationwide, these immigrant-founded companies produced \$52 billion in sales and employed 450,000 workers in 2005.
- Indians have founded more engineering and technology companies in the U.S. in the past decade than immigrants from Britain, China, Taiwan, and Japan combined. Of all immigrant-founded companies, 26% have

## **Immigrants are fueling the creation of hi-tech business across our nation and creating a wealth of intellectual property.**

Indian founders.

- The mix of immigrants varies by state. Hispanics constitute the dominant group in Florida, Israelis constitute the largest founding group in Massachusetts, and Indians dominate New Jersey, with 47% of all immigrant-founded startups.
- Almost 80% of immigrant-founded companies in the U.S. were within just two industry fields – software and innovation/manufacturing-related services. Immigrants were least likely to start companies in the defense/aerospace and environmental industries.

We also analyzed the patents filed by U.S. residents in the World Intellectual Property Organization patent databases. These are patents that give us a global edge. We found that foreign nationals residing in the U.S. were named as inventors or co-inventors in 24.2% of international patent applications filed from the U.S. in 2006. In 1998, by contrast, this number stood at only 7.3%.

To put these numbers into perspective, it is worth noting that Indians and Chinese both constitute less than one percent of the U.S. population, and census data show that 81.8% of Indian immigrants arrived in the U.S. after 1980.

These immigrants come to the U.S. with a good understanding of their home markets and have fresh perspectives. Given that we are going to be increasingly competing with the countries they immigrate from, their knowledge of the global landscape is an asset. Bringing in more skilled immigrants will likely lead to greater economic growth and create a greater intellectual property and competitive advantage. The question is how do we get them here to stay?

Proponents of a temporary visa category called the H1B argue that we should greatly expand the numbers of such visas. They say these visas provide a steady flow of highly skilled professionals who are in short supply, and reduce the need for them to move their operations abroad. Opponents argue that these visas are often misused to bring in workers that don't have exceptional skills, and that this can impact wages and hurt the

engineering profession itself.

Both sides are correct. My view is that if we do need workers with special skills, we should offer them permanent residence rather than short-term visas. Temporary workers can't start businesses, and don't have the incentive to help us compete globally or to integrate into American society. They can't sink deep roots because their visas limit how long they can stay.

The patent data reveals another issue – the percentage of foreign nationals contributing to U.S. international patent applications increased 331% in eight years. This is a welcome contribution to U.S. intellectual property, but many of the engineers and scientists filing these patents may have to return home – taking their knowledge and experience with them. The increasing numbers of patent filings by foreigners correspond to the increasing numbers of foreign graduate and post-graduate students

and skilled temporary workers that come to the U.S.

The current backlog for skilled immigrants from India and China in the third preference category (under which they would get permanent residence) stands at nearly six years. In other words, the Immigration and Naturalization Service is currently processing applications for those who applied for permanent residence in 2001. Additionally, there is a yearly limit of 140,000 employment-based visas, with a maximum of 7% being allocated to immigrants from any one country. We have tight limits on how many skilled immigrants can come here and only allow the same numbers from India as from Poland and Senegal.

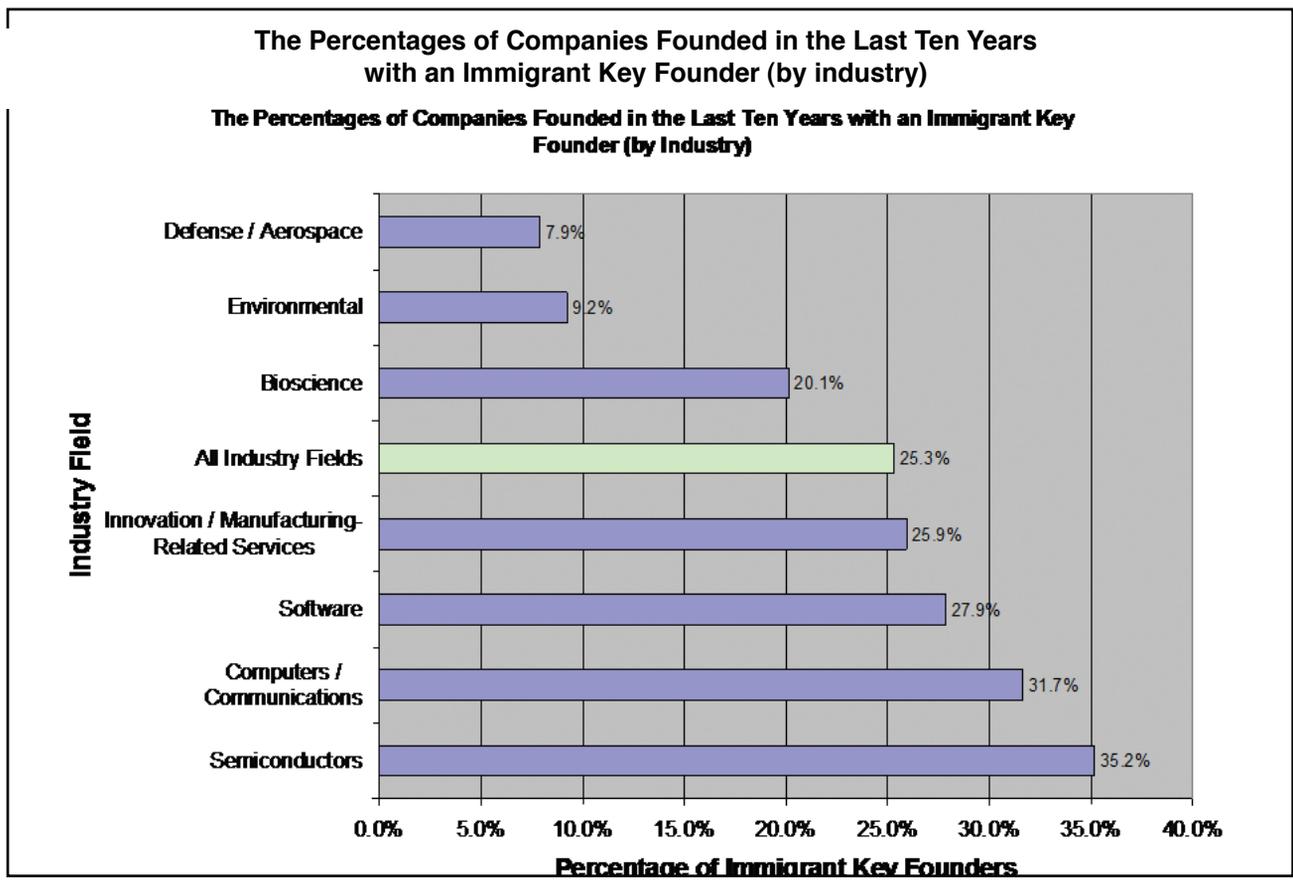
So, after educating the world's best and brightest and providing them with extensive experience in American business, we are now setting the stage to force them to return to their home countries – where they could become

our competitors.

What we need to do is to open the doors wider for the skilled immigrants we need. Let's try to keep the brightest students who complete their graduate studies in our universities by making them eligible for green cards. Let's expand the numbers of skilled immigrants we admit, remove the arbitrary country limits and make it easier for those that contribute to our economy and competitiveness to stay.

After all, we want these people on our side. **RF**

*Vivek Wadhwa is a skilled Indian immigrant who moved to the U.S. in 1980. The founder of two software companies, he is presently an Executive in Residence at Duke University. A complete copy of the Duke University study he co-authored can be found online at <http://memp.pratt.duke.edu/news/?id=829>.*



# Should U.S. Agriculture Subsidies be Eliminated?

**No, America Needs a Safe, Reliable, and Abundant Supply of Food.**

CONGRESSMAN BOB GOODLATTE

Farm safety net programs are designed to ensure America's farmers and ranchers have the stability to provide a safe, affordable, and abundant food and fiber supply to American consumers.

Our agricultural productivity ensures that we are not dependent on foreign sources for our very basic needs and that we have a sufficient and reliable food and fiber supply that benefits all Americans. In fact, Americans spend less than 10% of their income on food, less than consumers in any other country in the world.

Farm policy helps make that possible by stabilizing the market and ensuring the production of our most basic needs. Domestic food production ensures that American consumers have access to a safe and affordable food supply, and farm policy helps to create stability so that year after year, farmers are able to produce the food consumers need to survive.

We often take for granted the availability of food in this country. We assume that our grocery store shelves will always be stocked because they always have been. American consumers have not experienced wild fluctuations in the price of food or fiber nor a shortage of supply because our farm policy was designed to ensure a constant, reliable supply of our basic commodities.

Farm policy also ensures that America's food and fiber is safe. Domestic production of our basic commodities ensures that we control the entire production process from planting to harvesting to marketing. Strict safety regulations are applied and American consumers can count on those standards.

More than just the food to fuel our bodies, agriculture products and by-products are found in a wide variety of everyday necessities such as medications, soap, paper, clothing, tires, building supplies, books, and fuel, just to name a few. Every single American is a beneficiary of U.S. agriculture every single day of their lives, yet sadly,



many don't know what is entailed in getting the products they need into their hands. As consumers become farther and farther removed from our farms and ranches, the less consumers understand what is involved in how food products get from the farm to the table.

Farming and ranching are not easy occupations, and the production of America's food and fiber supply is an inherently risky enterprise. A high yielding crop in one year does not guarantee the same yields the following year or growing season. Producers have little to no control over the weather conditions, disease, or pest and insect invasion, which can damage or destroy crops and livestock without warning. A farmer may be on track for record yields and a week before harvest, an ice storm may claim all of his or her crops.

The farm safety net helps mitigate the risk of farming and ranching to ensure a reliable supply system. Farm policy creates stability in our market so that our food supply remains consistently affordable and safe. By providing producers stability in an increasingly volatile environment, we can better ensure our self-sufficiency and independence.

Any program or policy initiative that utilizes the taxpayer's money should be spent wisely and for the benefit of those whose money is being used. American agricultural production exists solely to meet the food and fiber needs of the American people. Since 2002, the cost of farm safety net programs averaged roughly \$8.5 billion a year. These programs account for less than one half of 1 percent of total federal spending. No one will argue that

*continued on page 28*

**U.S. farm policy under the 2002 Farm Bill costs each American roughly 4 pennies per meal.**

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# Should U.S. Agriculture Subsidies be Eliminated?

Yes, it's fiscally smart and financially responsible.

CONGRESSMAN JEFF FLAKE

With the current farm bill set to expire this year, Congress has an excellent opportunity to improve our federal farm policy.

In 1996, Congress passed the Freedom to Farm Act, which put U.S. farm policy on a fiscally responsible course oriented toward the free market. Unfortunately, it only took Congress a couple of years to veer off course and institute record spending on farm programs. By 2002, Congress had replaced the Freedom to Farm Act with the Farm Security Act. Without an emphasis on reform, the next farm bill reauthorization will continue the spending trend and push us even further off course from market reforms.

The best place to begin reforms is with farm payments. Over the last decade, the U.S. has spent about \$160 billion on farm subsidies. In 2005 alone, while farmers nationwide were seeing three years of record incomes, the federal government spent more than \$20 billion on subsidies. As U.S. Department of Agriculture Secretary Mike Johanns pointed out in recent comments to the Farm Bureau, the economic situation that surrounded the expensive rewrite of the farm bill in 2002 has all but evaporated. The value of farm exports and farm cash receipts has been consistently high, relative to 2002 levels. In addition, according to Secretary Johanns, farmers saw a historically low debt-to-asset ratio in 2006. These factors, combined with the possibility of smaller farm payments due to higher commodity prices, make 2007 a perfect opportunity for reform. Congress should refuse to pass any farm bill that doesn't transition the agriculture payments programs to a more fiscally responsible footing.

Aside from the cost, there are well-known implementation problems associated with the subsidies program. Simply put, the current program provides disproportionate benefits to a few, some of whom are not even farmers, at the expense of many. The Congressional



Research Service reported that only about a third of farmers receive subsidy payments. The commodity crops have received the lion's share of federal payments, while non-commodity crops have received little or nothing. The USDA reported that the largest 7.5% of farms received more than half of all federal payments in 2004. In addition, the act of farming is not even required to receive farm payments. According to the recent *Washington Post* series on farm subsidies, the federal government has paid more than a \$1 billion in direct payments since 2000 for rice and other crops to individuals who do no farming whatsoever. These reasons, as well as reports of farm payment recipients like CNN founder Ted Turner and former NBA star Scottie Pippen, demonstrate that the farm subsidies program's problems run deeper than its cost.

In addition to the extreme cost of the program and its problematic implementation, the farm policy detailed in the Farm Security and Rural Investment Act of 2002 is incompatible with our international trade obligations. Without reform, U.S. farm policy will continue to be a hurdle to future free trade agreements.

The U.S. sugar program and its supporters nearly sidelined the Central American Free Trade Agreement (CAFTA). The sugar industry in the U.S. represents a sliver of our economy, yet the protectionist program was front and center during CAFTA negotiations. The Administration bent over backwards to accommodate

*continued on page 28*

**In 2005 alone, while farmers nationwide were seeing three years of record incomes, the federal government spent more than \$20 billion on subsidies.**

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*Goodlatte - continued from page 26*

billions of dollars are no big deal, especially when those dollars belong to American taxpayers; however, when you break down the cost of the farm safety net into what it costs each consumer, the numbers paint a dramatically different picture.

U.S. farm policy under the 2002 Farm Bill costs each American roughly 4 pennies per meal. At less than 10%, the American consumer is spending far less of their income on food than any other consumer in the world today or at any other time in history. In the United Kingdom, the next

lowest country, consumers spend more than 15% of their income on food.

It is the free enterprise system utilized by hard working farmers and ranchers and supported by a modest government safety net that rewards American consumers with the safest, most abundant, and most affordable food supply in the world. **RF**

*Bob Goodlatte represents the 6<sup>th</sup> District of Virginia in the U.S. House of Representatives. He serves as the Ranking Republican on the Agriculture Committee.*

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*Flake - continued from page 27*

the sugar industry, proposing to allow these developing countries to supply only an additional one percent of our domestic market supply. Yet the U.S. sugar lobby responded with furious opposition to CAFTA, claiming it would doom family farms. This opposition put billions of dollars in additional exports for U.S. agriculture and other industries at risk.

With the outcome of the Doha Round of World Trade Organization negotiations up in the air, it is likely that the emphasis will need to be on bilateral and regional free trade agreements as a means to open markets. Without significant reform to our protected agriculture markets, it is likely that they will continue to be a hurdle to negotiating free trade agreements.

It is worth noting how other countries have tackled this problem. In the late 1980s, New Zealand voluntarily and unilaterally rid itself of most of its subsidies for

farmers and opened its markets to foreign competition by dismantling most import barriers. While the transition was difficult for farmers, New Zealand reports that the benefits of reforms have led to an increase in efficiency and exports. In addition, the estimates of farmers exiting the market due to these reforms were widely overestimated.

I have no illusions that making significant and meaningful cuts in the subsidies program won't be an uphill battle. So many different crops receive subsidies that nearly every Member of Congress has some constituency that will pressure them to maintain, or even increase, subsidies.

However, I hope that Congress will look beyond the short-term political anxiety that the farm bill reauthorization may cause and put the long-term fiscal and economic health of the country first. **RF**

*Jeff Flake represents the 6<sup>th</sup> District of Arizona in the U.S. House of Representatives.*

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# Ripon Profile

**Name:** Linda Lingle

**Hometown:** St. Louis, Missouri

**Current job:** Governor, State of Hawai`i.

**Hobbies:** Swimming 3,000 yards, four times per week and walking regularly, reading and watching movies.

**Songs on my playlist:** Primarily Hawaiian music, including “Just Along for the Ride”, by Na Leo, a trio of local women. I also listen to rock n’ roll and country music.

**Books that I’d recommend:** I enjoy reading biographies – in particular, I would recommend: *Japanese Eyes American Hearts: Personal Reflections of Hawai`i’s World War II Nisei Soldiers*, by the Hawai`i Nikkei History Editorial Board; *Team of Rivals: The Political Genius of Abraham Lincoln*, by Doris Kearns Goodwin; and *The World is Flat*, by Thomas Friedman.

**Inspiration:** My grandmother had a profound influence on my life. I greatly admired her wisdom and love for seeing the “good in people.”

After graduating from California State University – Northridge with a degree in Journalism, I moved to Hawai`i, where I had the opportunity to cover the political landscape and become involved in my community. I saw the difference one person could make in the lives of others, and was drawn to public service.

**Most important issues facing America:** It is essential that we equip and significantly increase the number of secondary school graduates with world-class analytical and problem solving skills developed through science, technology, engineering and math education. In Hawai`i, my Administration is proposing specialized math and science programs for junior high and high school students designed to prepare Hawai`i’s youth to succeed in an increasingly global economy. We will also incorporate business internships in our education system to expose our students to a variety of career choices.

Along the same lines, my Administration is proposing several initiatives to help Hawai`i’s existing workforce quickly acquire the skills needed for gainful employment in emerging, innovative industries. Through these proposals, we hope to cultivate a quality 21<sup>st</sup> century workforce.



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# Standing Up for the Underdogs

LOUIS M. ZICKAR

The Republican Party is looking for new ideas that will help them reclaim their Congressional Majority and hold onto the White House in 2008.

After last November's drubbing at the polls, this is clearly a smart thing to do. But in addition to figuring out *what* they want to stand for as a party, Republicans also should be thinking about *who* they want to stand for.

Historically speaking, the party has been most successful when it has taken on the cause of the oppressed. Lincoln ending slavery. Teddy Roosevelt confronting the robber barons. Ronald Reagan taking on the forces of big government that left millions of people overtaxed and out of work.

The GOP has a proud heritage of standing up for those who are struggling to get ahead. Unfortunately, that heritage has largely been forgotten in recent years. The party has become identified more with corporate interests than the interests of the common man. It has become known more for flouting the rules than for playing by them. As a result, it has lost that part of its identity most responsible for its past success.

The challenge now is to get that part of its identity back. A logical place to start is with individuals who are trying to start their own small business. Entrepreneurs are the natural underdogs of the American economy. They are like Rocky Balboa – putting it all on the line to pursue a dream that may or may not come true. Most entrepreneurs fail; according to the Small Business Administration, 56% of small business owners close up shop within the first four years of opening their doors.

The GOP needs to be on the side of people with the deck stacked against them in life. Standing with entrepreneurs will help them do just that. But it makes sense for other reasons as well.

First, there are more entrepreneurs today than at any other time. According to the Kauffman Foundation, over 10 million adults are attempting to create a new business at any given time. These individuals need to know that the Republican Party is in their corner.

Second, entrepreneurs are increasingly diverse.

Women start 1,600 new businesses in the country each day. A growing percentage of entrepreneurs are immigrants. Baby boomers are turning their backs on retirement and starting their own companies instead. The younger generation – Generation Y – is the most entrepreneurial ever, pursuing opportunities that combine their interest in business with their knowledge of technology. Promoting entrepreneurship provides the GOP with an opportunity to promote ideas that cut across demographic lines.

Finally and perhaps most importantly, entrepreneurs are philosophically in tune with Republicans when it comes to their view of government. They just want to be left alone – the less government intrusion, the better. If government is going to do anything, it should create conditions that will help their business – and their business talents – flourish.

Over the past several years, President Bush and Congressional Republicans have recognized this by pushing measures to reduce taxes, cut red tape, and make it easier for the self-employed to obtain health insurance.

They have also on occasion sought to highlight entrepreneurial success stories. In his State of the Union Address this past January, for example, the President recognized Julie Aigner-Clark, the founder of an educational video company that was started 10 years ago and is earning over \$200 million in sales today.

There are millions of other Americans who are trying to accomplish what Julie Aigner-Clark has done. Some are barely making it; many others are still trying to get ahead. Republicans should do everything they can to help them in their fight and make the stories of their struggles their own. Among other things, this means holding firm on efforts to roll back tax relief and reimpose regulations that will stifle business growth. It also means continuing to look for innovative policy solutions that will help entrepreneurs deal with the problems they face.

Congressmen Don Manzullo (R-IL) and Earl Pomeroy (D-ND) have sponsored a bill that would achieve that goal. Called the *Access to Capital for Entrepreneurs (ACE) Act*, the bill would create a 25% tax credit for accredited angel investors who invest in qualified small businesses. The bill is modeled after similar legislation already on the books in 21 states and is intended to provide entrepreneurs with the one thing every business needs – money.

It is the kind of smart government, common sense solution entrepreneurs are looking for from Washington. It's also the kind of idea that Republicans, in their search for new ideas, should embrace. **RF**



**Entrepreneurs are like Rocky Balboa— putting it all on the line to pursue a dream that may or may not come true.**

*Louis M. Zickar is the Editor of the Ripon Forum.*

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**“PART OF BEING A REVOLUTIONARY IS KNOWING THAT YOU DON’T HAVE TO ACQUIESCE TO THE TIRED OLD IDEAS OF THE PAST.”**

**Ronald Reagan  
1985**



**For over 40 years,** the Ripon Society has been dedicated to a simple but important notion – the notion that ideas matter in American life.

Whether it is securing our Nation, keeping taxes low, or making the federal government smaller and smarter, the Ripon Society believes that ideas are the fuel for our democracy. We also believe that good ideas can come from anywhere – be it the left, right, or political center.

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