

2010
Post-Election
Edition

And: Susan Collins on the issues that unite the GOP

The Ripon Forum

Fall 2010
Volume 44, No. 4

A NEW DAY

South Carolina's Tim Scott leads a wave that helps the GOP take control of the House of Representatives



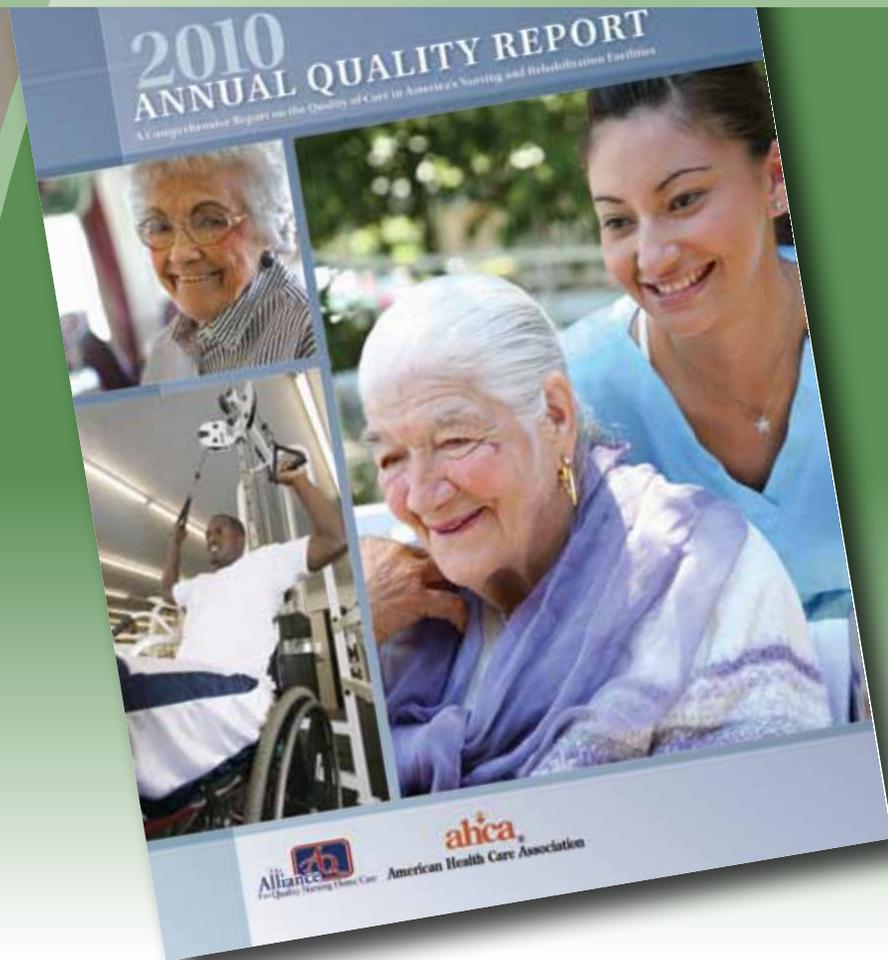
Plus:

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Volume 44, No. 4, Fall 2010

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One Year Subscription:
\$35.00 individuals
\$10.00 students

The Ripon Forum (ISSN 0035-5526) is
published by The Ripon Society. The Ripon
Society is located at 1300 L Street, NW, Suite
900, Washington, DC 20005.

Postmaster, send address changes to:
The Ripon Forum, 1300 L Street, NW, Suite
900, Washington, DC 20005.

Comments, opinion editorials and letters
should be addressed to: The Ripon Forum,
1300 L Street, NW, Suite 900, Washington,
DC 20005 or may be e-mailed to:
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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.

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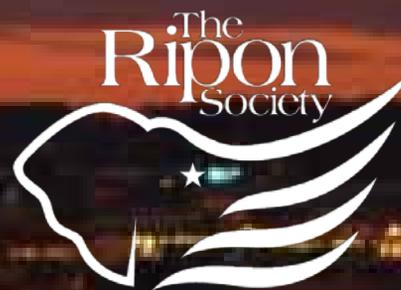
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In this Edition

THE RIPON FORUM began the year by focusing on *The New Horizon* facing Republicans as they entered 2010. In light of the party's historic victory in the mid-term elections, we found it only fitting to end the year by focusing on what the GOP will wake up to as it begins 2011:

A New Day.

Over 80 freshmen Republican Congressman and Senators will take the oath of office when the new Congress is sworn in on January 5. As of this writing, the GOP will hold a 240-seat majority in the House of Representatives, and went from holding only 41 seats in the Senate to being just four seats shy of holding a majority. Republicans also picked up five governorships, and won control of 19 state legislative chambers, as well.

It's not your uncle's Republican Party that has made these gains. Across the country, the candidates who were on the ballot were the most diverse in the party's history. As veteran pollster Linda DiVall said at a post-election briefing that was sponsored by The Ripon Society and is reported on in this edition, the GOP candidates this year were "younger, more diverse and less likely to be, frankly, political hacks. They come from different stripes of life, representing their communities and their neighborhoods much better. And that helped to change the perception of the party."

Perhaps no one symbolizes this change more than Tim Scott, who was elected to the House from South Carolina's 1st Congressional District. The first African American Republican elected to Congress since 1994, Scott is a common sense conservative who won his election with both Tea Party and centrist Republican support. We feature Scott in our latest Ripon Profile, in which he explains, among other things, why he ran for Congress and what he plans to do when he finally gets a day off.

This edition of the FORUM also attempts to answer a question that many Republicans are asking in the wake of the party regaining control of the House -- "What do we do now?" To help us answer this question, we have tapped an equally diverse roster of GOP leaders and grassroots activists, from Senator Dick Lugar of Indiana to Amy Kremer, the Chairman of the Tea Party Express.

This edition also examines the issues that unite the Republican Party with Maine Senator Susan Collins, and features an op-ed by former New Jersey Governor Christine Todd Whitman that looks at the rise of extremism in Washington, the growth of centrism across the country, and the importance of "Working Together in a Partisan World."

To the extent that the Republican Party will need ideas as it attempts to hold and expand its new majority, we offer a number of them in this issue as well, including: the Urban Institute's Gene Steuerle's prescription for budgetary reform; the Sagamore Institute's Jay Hein's explanation of why Indiana leads the nation in job growth; and former SBA head Sandy Baruah discussing his new job as CEO of the Detroit Chamber of Commerce and why the Motor City -- and the State of Michigan -- are critical to our Nation's economic future.

With the 2010 election behind us, we also take a look at the election of 2012 with author and Villanova political science professor Lara Brown, who looks at -- and handicaps -- the prospective candidates for President on the Republican side.

The mid-terms are over. A new day has begun. We hope you enjoy reading about it in this edition of the FORUM, and encourage you to contact us at editor@riponsociety.org with any comments or questions you may have.

Lou Zickar
Editor
THE RIPON FORUM

Ripon Society Holds Post-Election Briefing to Review Mid-Term Results

GOP victory attributed to Republican teamwork, stellar recruitment and Democrat miscues

WASHINGTON, DC -- The Ripon Society hosted a breakfast briefing on Thursday, November 4th to review the results of the mid-term elections and discuss the reasons Republicans had, electorally speaking, one of the most successful years in the history of the GOP.

The breakfast featured some of the leading political minds in Washington, including: Congressman Tom Cole, who represents the 4th District of Oklahoma in the House of Representatives and previously served as Chairman of the National Republican Congressional Committee; Rob Jesmer, the Executive Director of the National Republican Senatorial Committee; Guy Harrison, the Executive Director of the NRCC; Linda DiVall, a veteran pollster for the GOP; and former Congressman Tom Reynolds, who represented the 26th District of New York in the House from 1999 to 2009 and, like Cole, previously served as Chairman of the NRCC.

“We’re in a remarkable period,” Cole stated. “We came out of 12 years – five straight elections really, from 1994 to 2006 – where neither side [Republican or Democrat] gained more than 10 seats. There was no double-digit election in that time frame. We’ve had three double-digit elections in a row. You just look at the loss of seats the Democrats suffered on Tuesday and the two elections previously. You can argue that this one is greater than the last three put together. They literally lost all the ground they gained and then a little bit more. That tells you there’s something going on out there that’s a lot bigger than campaign tactics, decisions, what have you.”

“I think our team did a great job. But I’ve also got to say there was worthy competition on the other side.

It’s not like we beat a slouch team. You can’t say it was 1994 and they didn’t see it coming. They were ready. They were as ready as they know how to be. For us going forward... we’ve got to remember – we’re still not the governing party by a long shot. We don’t govern, but we do have to deliver, I think, very quickly. There’s

nothing in the numbers to suggest we got elected because we’re popular. Nobody in Washington is very popular. It’s not an embrace of the Republican agenda, so we’re on a very short leash.”

“We’ve got to be perceived as working -- and I think our leader [John Boehner] has done this really well -- to get big problems solved and done for the American people in the next two years.”

Jesmer, who as Executive Director of the NRSC was in charge of the Senate’s effort this election, said that: “We obviously had a great night. We won six Senate seats. We retained all of our open seats and our Republican seats, and picked up top places like the President’s home state and his seat in Illinois.”

Jesmer also discussed some of the tougher challenges his organization faced on election night. “I’m still disappointed about Colorado,”

he stated, adding that: “I always say when you lose narrowly it’s much more difficult than getting crushed. So, when you lose by 20,000 votes, that makes it kind of a tough pill to swallow.”

Teamwork and pressure-oriented tactics

As Executive Director of the NRCC, Harrison oversaw GOP efforts to recapture the House – an effort, he said, that was not so much aided by the political

There’s nothing in the numbers to suggest we got elected because we’re popular. Nobody in Washington is very popular. It’s not an embrace of the Republican agenda, so we’re on a very short leash.

Congressman Tom Cole



wave, but one that prepared for and, ultimately, took advantage of it.

“I think what we learned,” he said, “is that, obviously, the wave has happened. But you either amplify or miss opportunities based on being prepared. And I’m proud of what the NRCC was able to do and be prepared for a wave. You know, you can’t build the weather, but you can take advantage of it. And I think there are two things this NRCC team and especially the Member team built ourselves on – teamwork and pressure-oriented tactics.

“I am very proud of the fact that in this victory almost every single Member can take gratification that they were part of it. We had massive Member involvement, from recruiting to mentorship to actually paying their dues and assessments. We had an assessment goal of \$65 million, and we actually surpassed it and got to \$75 million. I take great pleasure in knowing that every single member can pat themselves on the back and say they were part of this process.”

With regard to the pressure-oriented tactics the NRCC applied this election year, Harrison said the tactics, and the strategy behind them, had their genesis in a vote held in the Capitol in early 2009. “If you look back at their [the Democrats’] demise,” he said, “you can look back to one day. It was a group of members standing up and saying, ‘You know what? Obama has 65% job approval, we’re in tough economic straits, but this economic stimulus plan is complete bunk and we’re all voting against it.’ That was the day it started unraveling for them.”

He added: “We beat 36 out of the 48 McCain Democrats. Seats like Ike Skelton. We were finally able to take out some of the Democrats who have been defying gravity for a decade.” According to Harrison, these victories in particular will make it easier to hold seats after redistricting because voters in districts like Skelton’s want to vote for a conservative.

Harrison concluded on a note of optimism about the incoming House leaders and the election of 2012. “I think we have a leadership team that’s going to make sure we have a great message to talk about in two years.”

Quality candidates on the playing field

Linda DiVall began her remarks by quoting Marco Rubio. “Voters did not embrace the Republican Party,” she quoted the newly-elected Senator from Florida as saying. “They merely gave us a second chance.” To that end, she expressed her belief that the GOP has a “tremendous responsibility right now, and we need to conduct ourselves in a manner that is just, that we certainly learned some lessons from how we lost the majority.”

DiVall then proceeded to reel off a host of facts and figures that made clear how deep the GOP victory was. For instance, she noted that the favorable/unfavorable rating of the Democrat Party was 43/52, while the favorable/unfavorable rating of the Republican Party was 41/53. As a result, she stated, one of the key questions that she and other Republicans had asked themselves over the past two years was whether the GOP could win a national election when the perception of the party was so negative.

“It’s very difficult,” she said, “and you can only do that when you have quality candidates on the playing field. And I think one of the things you have seen is the candidates themselves are younger, more diverse and less likely to be, frankly, political hacks. They come from different stripes of life, representing their communities and their neighborhoods much better. And that helped to change the perception of the party.”

Besides stellar candidate recruitment on the GOP’s part, DiVall attributed the Republican’s victory to the fact that: “Democrats overplayed their hand when it came to the role of government. In 2008, 51% said government shouldn’t do more – just like we saw in ‘92 when Clinton overplayed his hand. When we regained the majority in 1994, you saw it swing back, where a majority said the government was doing too much. In 2010, 56% stated that the government was doing too much. They voted 21% Democrat and 76% Republican.

“This allowed the Republicans to play into the wrong-track sentiment. One of the goals of every single campaign was to win the wrong-track voters decisively. By Labor Day, campaigns were getting 55-



**I take great pleasure
in knowing that every
single member can pat
themselves on the back
and say they were part of
this process.**

NRCC Executive Director Guy Harrison

60% of the wrong-track vote. During the fall, they were able to accelerate that, according to the exit polling data, and on Election Day we found that Republican candidates won 75% of wrong track voters. So, it's very difficult to win a national election for the Democrats when 61% are saying things are off on the wrong-track and the minority party is getting 75% of the wrong-track vote."

DiVall also pointed to another significant factor that contributed to the Democratic defeat – the President and his policies.

"Obama was a significant problem [for the Democrats]," she said. "His approval rating among those who voted on Election Day was 45% approve, 54% disapprove. The 'disapproves' voted 85% for Republican candidates. But most important was his policies. Twenty-four percent stated their vote was one of support for Obama, while 37% stated their vote was one in opposition to Obama. Forty-four percent said Obama's policies would help the country. Fifty-two percent said

Obama's policies would hurt the country. So that is really a lot to overcome."

DiVall concluded her remarks by discussing one other key to this year's election – the fact that political independents, who have supported Democrats over the past six years, favored the GOP by a vote of 57% to 39% this time around. "It's the first time since 2004 that independents came back and decisively voted for Republicans," DiVall declared. "And that's going to be the key thing to monitor in this next election."

Former Congressman Reynolds wrapped up the discussion by talking about "40-12-4," noting it took Republicans 40 years to win the majority, 12 years to hold it, and 4 years to win it back. He praised both the NRCC and NRSC for their role in securing these victories, and singled out in particular the recruitment efforts of both committees as well, saying: "You can't win if you don't have candidates." **RF**



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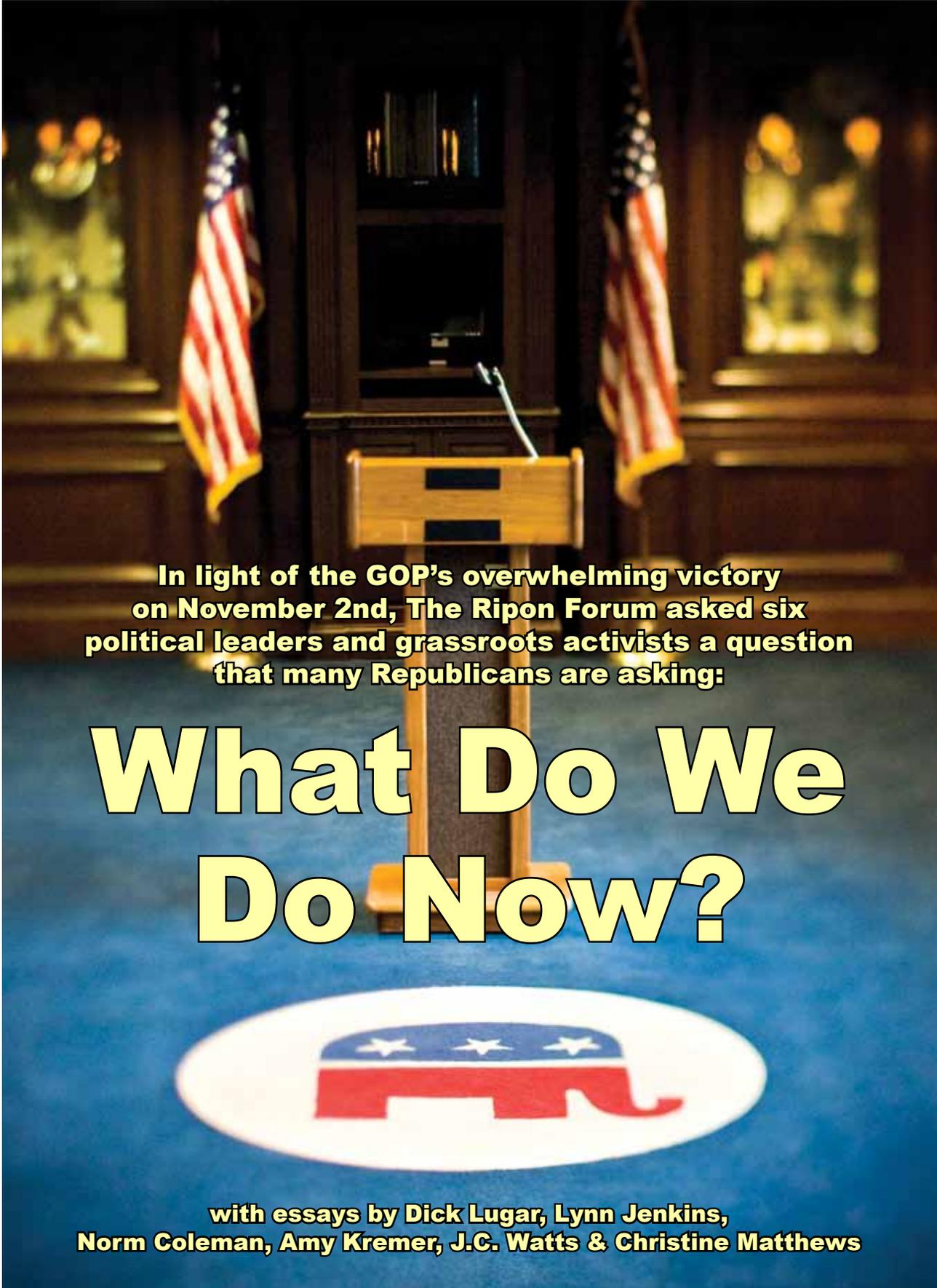
GOP pollster Linda DiVall

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The world's population grows by 250,000 people every 24 hours. It's expected that 8 billion people will occupy the earth in 2030, up from 6.5 billion today. Affordable and accessible supplies of energy are essential to economic growth and a reasonable standard of living. With oil and natural gas expected to meet some 60 percent of the world's demand in 2030, it's a global challenge. Which is why Marathon is at work applying technology and building unique partnerships to deliver the energy people need. From our multibillion-dollar investment in the Canadian oil sands that contribute to North American energy security, to our significant exploration, production and development projects around the world, Marathon is committed to not only producing energy, but doing so in an environmentally responsible way that creates long-term, mutually beneficial results. Responding to realities. That's Marathon.



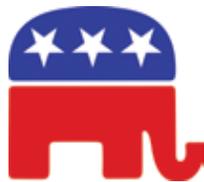
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**In light of the GOP's overwhelming victory
on November 2nd, The Ripon Forum asked six
political leaders and grassroots activists a question
that many Republicans are asking:**

What Do We Do Now?

**with essays by Dick Lugar, Lynn Jenkins,
Norm Coleman, Amy Kremer, J.C. Watts & Christine Matthews**



WHAT DO WE DO NOW?

“Simple, unadorned ‘opposition’ is mistaken, from both the policy and political perspectives.”

DICK LUGAR

The substantial Republican gains this November present our party with enormous opportunities, and, correspondingly, great responsibilities to an electorate demanding substantial changes in public policy from a Congress that will be responsive to its concerns.

Many analysts attribute the strong Republican trend to the visible anger of millions of Americans discouraged by persistent high unemployment, excessive government spending yielding monumental deficits to be repaid long into the future, and obtrusive federal government interference in business and other ordinary pursuits of life in a free country. Such anger – much of it justified – exists. But those who believe the explanation for what we have just witnessed starts and ends with “anger” are, in my judgment, missing the point.

Among some in Democratic leadership and the media, “anger” is shorthand for dismissing the scope and legitimacy of frustration – which found expression in the Tea Party movement – with the current direction of federal policy. One can find in any popular movement persons who can be characterized (or caricatured) as “angry” or “extreme.” Such labels were attached to Sam Adams (an “original” Tea Partier) along with Patrick Henry and Thomas Paine, none of them a moderate voice in a Revolution that began, after all, as a tax revolt.

But whatever criticisms may be leveled at one or another modern-day Tea Party spokesperson or candidate, it is unfair – and foolish – to view the movement and the over one-third of Americans who say they support its objectives as an irresponsible fringe. The vast majority of such Americans are responsible citizens convinced

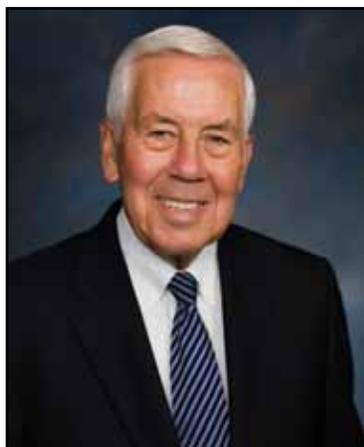
that federal tax, spending and regulatory policies are fundamentally off-track – so much so that they seriously threaten future prosperity and freedom, requiring ordinary individuals to become actively involved in the political process to set things right. This is how it is supposed to work in a representative system.

It is also mistaken, in my view, for those who applaud the November election outcome to focus primarily on voter anger. This brings into focus important strategy choices facing the congressional Republicans whose numbers have now dramatically increased.

Even before the election, some Republicans counseled that correcting the country’s course entailed a two-stage process. Stage one has been accomplished with the extraordinary GOP success in 2010 mid-term elections. Stage two requires electing a Republican President in 2012, accompanied by even greater Republican representation in both houses. So far, so good. The strategy choice arises on how best to work towards that second objective.

Some recommend resolute opposition on all fronts to President Obama and his reduced cadre of Democratic congressional cohorts. This could include efforts to repeal or substantially change “Obamacare” and other Administration legislative and regulatory policies to date, even

knowing such efforts would face Presidential vetoes that would be upheld by remaining congressional Democrats. This course, some argue, will cause public anger against the President and his legislative allies to continue to intensify, making more likely an overwhelming Republican victory in 2012. Furthermore, they caution that even attempting to advocate specific Republican proposals, much less



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attempting to adopt them, risks courting opposition from individuals and groups who might be affected by such reforms – and that debate within Republican ranks over particular reform ideas would weaken the overall thrust of GOP unity based on anger arising from public rejection of President Obama’s agenda.

I respectfully disagree with a “just say no” approach that excludes advancing serious Republican proposals for constructive tax, spending and regulatory reforms. Opposing unsound Administration policies remains important. Votes to repeal programs rejected by most voters, even if repeal will be vetoed, can underscore where Republicans stand on vital issues. Other steps – such as refusing to appropriate funds for aspects of such programs – may have practical impact even before the next election.

But simple, unadorned “opposition” is mistaken, from both the policy and political perspectives. Voters, including those who associate with the Tea Party movement, want their representatives to pursue responsible policies that comport with our traditions of political and economic freedom. This is why I believe the best course for congressional Republicans is to attempt to outline and meet some very important challenges to the overall strength of our Nation and its role in the world, and to do so with far-sighted vigor and enthusiasm.

Objective number one must be to build public optimism that our economy is going to grow much stronger, and that this growth will bring about more confidence to invest in new products and services that will create more jobs, and enhance our country’s ability to compete with economies of other countries around the globe. On another occasion of economic challenge, President Ronald Reagan called for “morning in America,” a great new dawn of vigorous enterprise and adventure. Now as then, providing a new day of opportunity requires that we end for all Americans the threat of higher income taxes. We may introduce legislation to make our tax code less complex, and may examine very carefully various tax breaks for particular individuals and interests that have worked their way into the tax code. But it is vital that we immediately restore certainty and stability to both business and private investment decisions by ending now the threat of higher individual tax rates.

Second, we must reduce federal spending by instituting careful analysis of the largest areas of expenditure that have the most promise for identifying present and future savings. This includes backing Pentagon budget reforms

proposed by Defense Secretary Robert Gates. The Secretary has courageously taken on a host of interests in the military-industrial complex (first so identified by President Eisenhower), demanding major management improvements and cutbacks in particular weapons systems, while encouraging our allies to assume some responsibilities we have shouldered in the defense of civilized values and the quest for global peace and stability.

Third, we must make responsible proposals for entitlement reforms, an area even more controversial than proposed reductions in defense spending. Many argue that even discussing changes in Social Security, Medicare and Medicaid benefits endangers Republicans in seeking continued public support for a reform agenda. This is the view that sees Americans, as some have put it, as rhetorically conservative but operationally liberal when it comes to government benefits they expect to receive. I believe this

cynical characterization is underestimating the citizens who overwhelmingly backed Republican candidates this November.

Most Americans understand that any honest, realistic effort to get control of government spending simply must address the areas where spending growth has been monumental – namely, defense and entitlements. These Americans likewise celebrate that we now have substantial

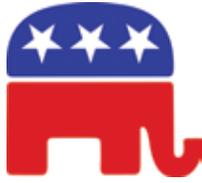
possibilities for living longer and more productive lives, and recognize that pension and health support plans must take greater longevity into account if such plans are to survive. I believe most Americans will in fact respect and support Republicans for candidly addressing these challenges, notwithstanding predictable demagoguery this will engender from some.

In these and other areas, congressional Republicans have an historic opportunity to take the lead in moving our country towards constructive solutions vital to its long-term strength and prosperity. I believe Americans are prepared and indeed eager, as perhaps never before, for leaders who will responsibly address difficult challenges, rather than ducking controversial issues out of fear of the political repercussions.

Independent voters and, indeed, a great many persons from traditional Democratic backgrounds will be encouraged by this approach, and will join Republicans in supporting our courageous and visionary leadership. Let’s not disappoint them. **RF**

Dick Lugar is the Senior United States Senator from the State of Indiana.

**Most Americans understand
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– namely, defense and
entitlements.**



WHAT DO WE DO NOW?

“Stop this spending spree.”

LYNN JENKINS

If 1994 was the year of Newt Gingrich and 2008 was the year of Barack Obama, then 2010 is undoubtedly the year of the American people. This year the people stood up and said enough is enough. The question is – will we listen this time?

Democrats thought they were listening after 2008. They believed the 2008 election was “transformational.” In their estimation, an American electorate that had been suspect of big government since its inception had suddenly changed its mind. Democrat leaders believed that Americans were calling for more government, more entitlements, more mandates and more spending. Driven by this false assumption, Nancy Pelosi and President Obama pushed through an ambitious agenda that not only grew the size and scope of the federal government but grew our national debt to once unimaginable levels. They were wrong.

The new Republican majority has a tough road ahead of them and they must get it right. Democrat leadership turned a mess into a complete disaster and our immediate priority has to be returning stability to our economy and with that, an increase in private sector job creation. I strongly believe that Americans want measured, fiscally responsible policies returned to Washington, D.C.

When I practiced as a CPA, I learned to look at both sides of the ledger – both revenues and expenditures. If Congress is to take fiscal discipline seriously, that means we must first stop this spending spree. The first step should be to take the nearly \$400 billion of the failed stimulus bill that has not yet been spent and use

it to reduce our \$1 trillion deficit and impose some much needed fiscal discipline.

The second step should be to get the federal government out of the way so the private sector can get America back to work. The reduction in federal expenditures will help to reduce the prevailing belief that higher taxes are coming. However, to drive this point home, Congress must permanently extend both the 2001 and 2003 tax cuts. With a \$3.8 trillion tax hike looming over American families and small business, is it any wonder the Nation’s economy has been frozen by uncertainty?

Finally, during my years in public accounting I learned that the first step to overcoming a financial crisis is to obtain a complete understanding of one’s financial situation and then craft a budget. To ensure continued stability and job growth it is imperative that the next Congress begin to practice responsible budgeting. That means passing a budget and placing a hard cap on discretionary spending and returning all spending to pre-stimulus and pre-bailout levels.

As I said, Republicans have an uphill battle ahead, but hopefully those of us representing the new

class of conservatives have learned from mistakes in the recent past and will listen to the American people. I look forward to working side by side with my colleagues in the House to get this Nation back on the right track.

RF



If Congress is to take fiscal discipline seriously, that means we must first stop this spending spree.

Lynn Jenkins represents the 2nd Congressional District of Kansas in the U.S. House of Representatives.



“Extending tax cuts isn’t a political slogan – it’s an economic necessity...”

NORM COLEMAN

The new majority in the U.S. House of Representatives and the addition of significant new conservative voices to the United States Senate offers our nation cause for great hope and for a true collaboration between the major parties to change Washington, and in the process, restore the greatness of America.

The results of the November 2nd election ought to be a referendum on the change that Americans want, not the policies that politicians want to pursue.

As we enter the next few days with a Lame Duck Congress in front of us and Speaker Pelosi, Majority Leader Reid, and President Obama who still don’t seem to grasp that Americans rejected their policies – it’s important to not let up on the New American Revolution that began this Tuesday.

Congress should begin to repeal and reform ObamaCare and find common ground for a bipartisan solution to health care in America. It should have been done. It can be done.

To be sure, we need to zero in on restoring fiscal sanity by passing a constitutional amendment to balance our budget. We need to stop the out of control spending. And, we need to live within our means.

But we also need to remember that nearly 10% of the American workforce is without a job -- many of them without jobs for an inexcusable length of time. The American people are voting for fiscal sanity, but they are doing so in the belief that fiscal sanity will help lay the foundation for an explosion of job creation in America.

It’s fundamental to the belief system of conservatives that restoring fiscal sanity to our governmental budgets will help to restore confidence to investors that we’re serious about restoring our economic competitiveness. And, that, in turn, will inspire expansion of economic growth and therefore job creation.

But, we must also give investors the tools and the incentive to make investment in America again. This doesn’t mean foregoing accountability and discipline. But, it does mean that extending tax cuts isn’t a political slogan – it’s an economic necessity for our country.

Extending tax cuts to ALL Americans, not the kind of cherry picking that we’ve heard for the past several months, is tantamount to capital flowing back in to our communities and our economy. The fact is, government doesn’t create jobs. However, government can, and should be, a catalyst to create an environment in which the private sector will create jobs. This will only happen if our agenda for change in America is limited in scope, but ambitious in its execution.

Let’s reflect on the Hope plus Confidence equals Investment Agenda that I believe must be the key take-

away of this election:

Jobs. Republicans must push for smaller government, permitting the private sector entrepreneurs to create jobs. Key steps will be keeping taxes and regulations low, and reducing spending to control debt.

Budget. The budgetary outlook must frame every



The fact is, government doesn’t create jobs. However, government can, and should be, a catalyst to create an environment in which the private sector will create jobs.

policy decision. But we cannot tax or grow our way out of the debt threat; we must and will cut spending. Republicans are the best positioned to do what the research shows is the best way to fix a budget mess: keep taxes low and cut spending. This approach is being pursued in the United Kingdom and Ireland, as well.

Accountability. The voters demand accountability. Republicans who ran, and won, on platforms that promised smaller government and better performance must follow through. Republicans will have the opportunity to use oversight hearings constructively and without rancor and partisan payback to demonstrate their commitment to government that works for the people.

Elections have consequences. This election can mean that Republicans are given a second chance to reclaim the mantle of fiscal responsibility and job creation and economic growth. It can offer Democrats a chance to accept that they went too far with the policies they pursued on behalf of their leadership and the President.

And, it can offer the American people a chance to believe that Hope plus Confidence will equal the

investment in America that we need get our economy moving again. What drove people to the polls may have been anger, frustration, anxiety, or outright exasperation.

But, I also think it was hope.

Hope that our best days are yet ahead and that divided government need not be gridlocked government.

To the cynics who will continue to complain about the end result of the decision by the American people to restore balance to American government, I only offer this reminder, and a paraphrase of President George W. Bush:

The American people are the deciders. They decided. And, now, Democrats, Republicans and Independents must get back to work again.

Together, they must work to change Washington not America. And, together, they must put America back to work again. **RF**

Norm Coleman served as U.S. Senator from the State of Minnesota from 2003-2009. He currently serves as Chief Executive Officer of the American Action Network and the American Action Forum.

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Thinking green

TOMORROW
Planning for blue



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“We expect the Republicans to be focused on the People’s agenda, not the party’s agenda.”

AMY KREMER

On November 2nd, the people across this country sent a loud message to Washington that they are sick and tired of politics as usual and are demanding that things change. While most of the country literally changed from blue to red overnight, it is important to realize that the Tea Party movement is a direct result of the American people being angry, frustrated and feeling disenfranchised with both parties, especially the Republican party. The results of Tuesday night were not a vote for the Republican Party, but a vote against the progressive agenda of Obama/Pelosi/Reid.

Looking forward to the 112th Congress, the American people are expecting the Republican Party to no longer just talk the talk, but to walk the walk as well. Over the past months, we have heard on many occasions what the Republicans planned to do when they regained power, and although they do not control the Senate or the White House, we still want to see progress. The time for talking is over and now we want action.

The people of this movement are focused on reining in the out of control spending, limiting excessive taxation, and stopping overreach and intrusion. The people expect this new Congress to extend the tax cuts, repeal Obamacare and lower the deficit. American families are cutting back all across America and our federal government should be making cuts too. No one, including a government, can spend their way out of debt. It is simple – you cannot spend more than you make. The American people understand this, and no matter how complicated the U.S. economy is they want to see our costs reined in

and liabilities minimized.

The Tea Party movement has become a powerful political force over the past year and a half. Never before have the American people been so engaged in the political process. Going forward, we will remain engaged and continue to lobby our officials for fiscal responsibility and smaller government in Washington. We the People are tired of party politics and are focused on the issues. We expect the Republicans to be focused on the People’s agenda, not the party’s agenda. If the Republicans on Capitol Hill actually listen to the People and focus on the issues, we can have a productive working relationship over the next year. If, instead, the Republicans continue to play party politics and focus on self-serving interests, they will be the first targets for the Tea Party movement in 2012.

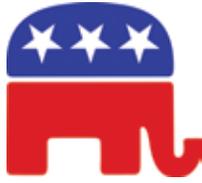


If ... Republicans continue to play party politics and focus on self-serving interests, they will be the first targets for the Tea Party movement in 2012.

We expect our Representatives and Senators to respect us and to remember that they work for us. We hired them and we can fire them, just as we did to some this past Tuesday. The objective of the Tea Party movement is to send true constitutional and fiscal conservatives to Washington, not Republicans.

After November 2nd, Republicans and Democrats should understand the power of the people and the power of the movement. **RF**

Amy Kremer is the Chairman of the Tea Party Express. Prior to the Fall of 2008, she had never been involved in politics.



WHAT DO WE DO NOW?

“This is the moment for Republicans to define our party once again...”

J.C. WATTS

There has been much chatter about the Tea Party activists and Republicans. That is great theatre for Capitol Hill, but a harsh reality will soon crest over all House members, Democrats and Republicans, Tea Partiers and coalition moderates.

That reality: we are worse off than we have been in a very long time. We imperatively need new ideas and determination to help our country.

This is the moment for Republicans to define our party once again, as Lincoln did, as liberators of a people. This time it will be for all Americans who face a future as uncertain and shackled as those the party stood for at its birth.

We must have a new coalition for the Republican Party. It must not just be a coalition of people, but a coalition of new ideas.

Our problems are ALL OF OUR problems. Many of them – poverty, education, the deficit – have no partisan claim. We are brothers and sisters in this journey. The pain of hunger feels the same in a Democratic stomach as it does in a Republican stomach. The frustration of illiteracy manifests with the same intensity in the heart of a moderate, a conservative and a liberal.

Members of Congress take an oath to defend the Constitution and to protect this nation. But we let ourselves get defeated from within when our population is left adrift with hunger and poor education. Those are the true foundations of a strong, forward looking nation.

Look in the faces of those who will be helped and see that the overwhelmingly number are ready – are hoping – to become part of the society of contributors.

Taxpayers have shelled out \$15.9 trillion on means-tested welfare programs since 1964. After adjusting for inflation, welfare spending is 13 times higher today than it was in 1965. This is growth more rapid than Medicare, Social Security and defense. Yet, after decades of massive spending, politicians of

both parties failed to address the collapse of marriage – which is the root cause of child poverty.

We can better attack poverty by ending outdated policies that foster high unemployment. We can assist fathers who have the desire, but not the means, to pay child support by forging an environment for the wage provider to create a job and the wage earner to have the skills required to do the job. Let’s review regulations that inhibit competition in services to the poor and create an “Anti-Poverty Expenditures Category” in the federal budget to bring all the anti-poverty programs into one cohesive area.

Today, many in government ask which problems are fundable. They should be asking which problems are solvable. As Republicans and Democrats move forward, we will all need to tighten our belts. Our resources are limited and we must use innovation, competition and think transformation to create ways to make our citizens resources, not a drain on resources, especially considering we are broke and are paying over \$1 billion per day in interest on our national debt.

We have been dreadfully slow to recognize the crisis in our classrooms and even slower to act. American students learn less than their counterparts because they’re actually being taught less.

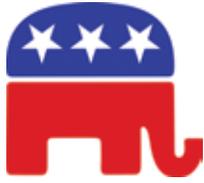
Americans aren’t going to be able to compete in the job market if we can’t compete in the classroom. So we need to develop rigorous standards that at the very minimum are comparable to the lessons being learned by kids in other countries.

The strength of America is in her people. Our first line of defense is restoring the ability of all Americans to dream AND believe again. **RF**

J.C. Watts represented the 4th District of Oklahoma in the House of Representatives from 1995 to 2003. He now serves as the Founder and Chairman of J.C. Watts Companies.



We must have a new coalition for the Republican Party. It must not just be a coalition of people, but a coalition of new ideas.



“Be Brave”

WHAT DO WE DO NOW?

CHRISTINE MATTHEWS

Angry voters have stormed the gates and demanded change. The message: the economy is in bad shape, we're hurting, government isn't working, President Obama's policies aren't helping, and Congress is inept. Oh, and did we mention that we're very mad at you?

Despite President Obama's warnings that they would drive into the ditch, Republicans were given the keys to the car. Voters did not send crystal clear policy directions, but they did provide some important clues on where to head. Here is a roadmap:

They're just not that into you -- Voters broke up with the Democrats, but they're only asking Republicans on a date, not contemplating marriage. They dislike both parties equally. One in four who expressed a dislike for Republicans on Election Day voted for them anyway because they weren't the Democrats in charge. Independent voters who supported Democrats by a 57%-39% margin in 2006 shifted this year to Republicans by a nearly identical margin, but they're fickle. Republicans have an opportunity to make a good impression, but they don't have an invitation to the family reunion.

Shrink government -- While the Obama-Pelosi agenda for the past two years has significantly expanded the role of government, the majority (56%) of Election Day voters believe government is doing too much, while only 38% think government should do more, a significant shift since 2008 when 51% of Election Day voters favored a more activist government. The devil, of course, is in the details of how and where to shrink government.

A number of Republican candidates believe they were elected to Congress on their pledge to repeal Obamacare. Realistically, repeal is unlikely, and in a recent USA Today/Gallup poll only Republican voters rate it the highest priority for Congress. The GOP base will expect a vote, but keep in mind that many of the provisions, such as coverage of pre-existing conditions and drug benefits, remain popular.

Turn the economy around -- President Obama said the election results showed that he failed to communicate. Voters think he failed to listen. Loud and clear, election results demonstrated that people are suffering in this economy and they want it back on track. For the first time since exit polling asked voters their most important issue, those citing the economy (62%) chose Republicans over Democrats.

A tale of two Virginians -- In 2009, two conservative men were elected to statewide office in Virginia. One took his resounding win as governor as a mandate to manage well. Governor Bob McDonnell has avoided contentious, highly polarizing issues and focused on the economy, turning a deficit into a surplus and keeping Virginia's unemployment rate around 6%, well below the national average. His job approval rating is in the mid-60s.

The other man, Ken Cuccinelli, has spent his time as Attorney General telling state universities to roll back anti-discrimination policies against gays and issuing subpoenas to a University of Virginia scientist and climate researcher in an attempt to prove fraud.

Choose the McDonnell path.

Be brave -- A plurality of Election Day voters believe life will be worse for the next generation and these voters broke two to one in favor of Republicans. If Republicans are to be serious about reducing the deficit and staving off

a decline in America's stature and way of life, provide some cover for incoming House Budget Chair Rep. Paul Ryan. He has dared say what few will: entitlements must be reformed.

A recent Bloomberg national poll suggests the Tea Party will have your backs on this: a majority support raising the age for Social Security and Medicare benefits. Republicans have the opportunity to do what the Democrats will never do. **RF**



Republicans have the opportunity to do what the Democrats will never do.

Christine Matthews is the Founder and President of Bellwether Research and Consulting. Her clients include Indiana Governor Mitch Daniels.

ON THIS, WE CAN AGREE

SUSAN M. COLLINS

As I write this essay, the election is just days old. The post-mortem is underway – from major media to kitchen tables, everyone’s talking about what happened and what it all means. Certainly, we Republicans are enjoying the dissection more than the Democrats.

The American people have made a powerful statement, one that will resonate from Congress to state capitols to town councils.

Electoral politics is the ultimate free market of ideas. Millions of independent decisions made in voting booths throughout the country demonstrated a clear preference for a brand of government that is less expensive and less intrusive, more effective and more accountable.

Republicans have been deemed best able to provide that kind of government. Now we must deliver.

One of the lessons of Election 2010 is that the country has rebuked a Democratic Administration and Congress for failing to focus on jobs and the economy, and for running up an unsustainable debt. But another lesson is that the American people are tired of too many in Washington being more interested in scoring political points than in solving problems. But the citizens of this country expect us to solve problems, and that is what we must do.

With our mix of moderates and conservatives, the Republican Party has the ability to lead the way. Our big tent can be the place where those with differing views on an issue can sit down together, discuss with civility, negotiate in good faith, and attempt to reach a solution. And our tent is spacious enough to welcome those of the other party who want to join us in rational, respectful discourse.

We should all listen to the clear message sent by the American people; our priority must be restoring our Nation’s fiscal health.

This mega-issue consists of improving the current state of the economy as well as addressing the annual deficits

Washington is running up and the soaring national debt.

With Republicans leading the way, our first priority must be to adopt policies that will get the economy moving again and put Americans back to work.

We should begin by extending the 2001 and 2003 tax relief provisions that are scheduled to expire at the end of this year. Otherwise, Americans will face one of the largest tax increases in U.S. history. In my state of Maine, the average middle-income family will see their taxes jump by about \$2,900. Surely we can agree that the midst of a deep recession is no time to raise taxes on America’s families and small businesses.

As I talk to small business owners across the State of Maine, they tell me that uncertainty about taxes is preventing them from hiring more employees and investing in their businesses. Let’s end that uncertainty.

Second, surely we can also agree that the current deficits are unsustainable and the accumulating debt – now more than \$13 trillion – poses a great threat to our Nation’s future prosperity.

The cost of entitlement programs continues to escalate. Like a perfect storm, rising Social Security and Medicare expenditures soon will collide head-on with the cresting wave of retiring Baby Boomers.

This is an irrefutable fact. Yet in the recent campaigns, candidates who dared to suggest any ideas on entitlement reform were often cast by their opponents as villains bent on the destruction of our elderly. We can prevent this fiscal disaster only if we first agree that entitlement reform can be discussed thoroughly and thoughtfully.

While entitlement programs and interest on the national debt comprise more than 60 percent of the budget, we also must tackle discretionary spending. I have advocated a bipartisan proposal to freeze 2011 discretionary spending at last year’s level. Carried forward, this step in the right direction would save \$296 billion over the next decade. This overall freeze would compel the federal government to make the difficult decisions, to set priorities,

and to focus on effectiveness and efficiency.

The November 2nd elections gave Republicans much to celebrate. But we recognize that the American people presented us with a challenge – to ensure our Nation’s solvency and to guarantee that future generations of Americans will inherit a nation that is strong and prosperous.

On that we must agree.

RF



**With our mix of moderates
and conservatives, the
Republican Party has the
ability to lead the way.**

Susan Collins represents Maine in the United States Senate.

WORKING TOGETHER IN A PARTISAN WORLD

CHRISTINE TODD WHITMAN

You wouldn't know it from the rampant partisan dialogue on television, radio, and in print, but today twice as many Americans identify as moderate than as any other ideology. A late October Gallup poll put the breakdown at 29% moderate to 15% conservative and 12% liberal.

Unfortunately, the growing moderation across the country has been met with rising extremism in Washington, which is amplified through various media channels and taken – incorrectly – to reflect the mood of the country. As outgoing Indiana Senator Evan Bayh wisely noted in *USA Today* in September, “Tolerance for any deviation from party orthodoxy is at an all-time low. It used to be that principled compromise was thought to be a good thing. Now it's viewed as an act of treachery.”

I would argue that this disconnect – between rising extremism inside the beltway and rising centrism outside it – is fueling the public's utter dissatisfaction with Washington.

Thankfully, in this election, many of those who ran on the most extreme rhetoric were not successful. That is good news for all Americans, regardless of whether your party won or lost on November 2nd.

Yet, although some of the most extreme candidates were not victorious, some gridlock in Washington is all but inevitable in 2011. This is both because of the split control of the two houses of Congress, and the reduced Democrat majority in the Senate. With 59 caucusing Democrats, getting to a majority, and a supermajority when necessary, was an easier task. With 53 caucusing Democrats today, fewer issues will get that important 60 vote total.

Unfortunately, we seem to have lost the shared commitment we once had, especially in government. Every issue that is discussed is done so from the political, rather than policy perspective. The approach to any problem is that the answer will mean that someone must lose for

someone to win, that it's a zero-sum game. That's wrong.

One challenge that demands Congress's full attention, for example, is energy. The United States has not had a national energy plan in decades, and the need for one has never been greater. With the U.S. Department of Energy estimating a 28% increase in electricity demand by 2035, energy companies have to start making decisions now that will affect ratepayers down the line – and even now is bordering on “too late.”

For the environment and energy, it's clear that societies cannot thrive if the people don't have clean air to breathe, clean water to drink and open space to access. Similarly, the environment needs a thriving economy to fund the next round of clean technologies or to preserve precious open space. And both the environment and the economy need reliable, affordable energy to thrive. Yet, over the course of the past 20 years, Congress has passed into law only one piece of major environmental legislation: the Brownfields Revitalization Act in 2002.

If we look back 40 years, to the early days of the modern environmental movement, we see that Republicans and Democrats came together to enact the environmental laws America so badly needed. It wasn't easy – many Republicans were wary of too much regulation while some Democrats

thought there couldn't be enough. But recognizing the urgent need for national action, the parties worked out their differences and put into place the foundation of what still largely defines environmental policy in America today.

Indeed, the vast majority of those laws were passed by a Congress controlled by Democrats and signed into law by Republican presidents. The votes on these measures were rarely close. And our economy experienced robust growth. Today, opposing every environmental regulation



**We live in a time where
political compromise
has become a source of
ridicule.**

seems to have become an article of faith with Republicans. Many have forgotten that the EPA was created by President Richard Nixon in response to rivers that were spontaneously combusting due to the dumping of pollutants into our waterways and people were dying every summer from bad air quality.

Now political polarization infects too much of public policymaking. We live in a time where political compromise has become a source of ridicule. We have forgotten the lessons of our Founding Fathers; men of great principle who – while disagreeing on a host of issues, including even whether or not to secede from Great Britain – realized that they were being called upon to act and, so, came together to forge the compromises that gave us our Declaration of Independence, our Confederation of States and, ultimately, our Constitution.

I am not naïve enough to think that one mid-term election's result will lead to greater political compromise

– much less one mid-term election that so clearly favored one party over the other. But as we once again enter a period of divided government, I sincerely hope the two parties and the two branches of government are committed to putting the needs of ordinary Americans above their own political posturing.

The next two years can be a time of great policy achievement in the United States, if only our political leaders show a willingness to work together. That is how and why our system of divided government was designed, and moderation – not extremism – is what the majority of

I would argue that this disconnect – between rising extremism inside the beltway and rising centrism outside it – is fueling the public's utter dissatisfaction with Washington.

Americans want today.

It's about time we started working together. **RF**

Christine Todd Whitman is the Founder and Co-Chair of the Republican Leadership Council. Previously, she served as Administrator of the Environmental Protection Agency, and Governor of the State of New Jersey.



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A Recovery Shipwreck: *Can It Be Avoided?*

EUGENE STEUERLE

At one level, the politics and the economics of 2010 appear daunting. Pundits claim that the recent election will only divide government, the two major political parties can't get along, and government shutdown will be the only real issue discussed.

Meanwhile, huge deficits loom. The simple table to the below right tells the story: the federal government spends about \$30,000 per household and collects \$20,000, and this gap between spending and revenues isn't expected to decline over the coming decade even with a decent economic recovery.

Those numbers hide an even tougher issue: we're spending a shrinking share of the budget on children, investment, and mobility-enhancing programs and an ever-increasing share on consumption and programs that discourage work and saving. Even without future deficits, this looks like the ledger sheet of a declining nation.

Quite bluntly, the notion that we can't tackle these economic and political deficits is hogwash. We tie a straightjacket tighter and tighter around ourselves, and then complain instead of loosening the laces. The really tough problems — unemployment, terrorism, uneducated youth, crime, catastrophic events — still need to be tackled, but at least these aren't so obviously self-imposed.

The ballooning deficit, though, is. On the spending side, we're living longer and getting better health care every year. Both are blessings. Trouble is, our politicians promise growth rates in health and retirement programs that are much higher than those at which our personal incomes or taxes can possibly grow.

In a dream I have, I'm in the

Social Security and Medicare and an even deeper deficit.

On the tax side, we're simply not admitting that we recently cut taxes without reducing spending to pay for the cuts; on the contrary, we went on a spending spree. Combined with the Great Recession stimulus (more tax cuts and spending increases), we pumped our debt up higher and higher

— a dark legacy for our kids and theirs. Some of these efforts individually were affordable. Together, they were not.

On top of that, we now provide about \$1 trillion in annual subsidies in the tax code. Not all expenditures are bad, of course, whether or not hidden in the tax code. But tax subsidies or "tax expenditures" jack up tax rates higher than they need to be and interfere in the economy exactly

like spending programs do. Many tax subsidies have large, built-in growth rates, and few are scrutinized for effectiveness. Meanwhile, dozens of duplicate and overlapping subsidies for children, higher education, capital gains, and so forth make our tax system a bedeviling maze. And we made this mess ourselves.

Throughout November and December 2010, a slew of reports and proposals to deal with long-term budget issues will come due — from the President's debt commission, and from two private groups: the Bipartisan

Taxes & Spending per Household
(Billions, \$2010)

	<u>2011</u>	<u>2020</u>
Taxes per household	\$ 20,000	\$ 29,000
Total Spending per household	\$ 30,000	\$ 38,000
Tax Expenditures per household	\$ 9,600	\$ 12,400

Source: S. Rennane and C. E. Steuerle, the Urban Institute, 2010.
CBO Alternative Baseline, with author adjustments for Health Care Reform

Congressional Ways and Means Committee room, which is ornate and exudes history. During a hearing, someone from the National Institutes of Health comes in and shouts, "Eureka, we've found the cure! It's expensive, but it will end cancer!" The audience bursts into applause, imagining longer and better lives for themselves and their children. The members of Congress behind the podium, however, tremble and drip with sweat as they commiserate among themselves. Why, I ask myself in this dream? Then I remember: they foresee a big increase in the cost of

Policy Center's commission (headed up by former Senator Pete Domenici and former Congressional Budget Office head Alice Rivlin), and the bipartisan Pew-Peterson Commission on budget policy reform, under the auspices of the Center for a Responsible Federal Budget. The Bipartisan Policy Center is putting forward a specific deficit-reduction plan, while the Peterson-Pew Commission report recommends budget-process reforms that would hold members more accountable and force action when certain danger signals go off. Sure, we'll all squabble about the proposals these groups make, but these efforts prove that bipartisan efforts are far from impossible. And they will make clear that we can do a lot better than the status quo.

Of course, we need to get the agenda right too. Few disagree that the long-term budget needs fixing, but whether to provide more short-run stimulus is a separate issue. For almost all of the Nation's history, the long-term budget (had the numbers been crunched) would have shown huge future surpluses under the laws on the books. That's because most spending was discretionary and scheduled to stay flat or decline. Even Depression and World War II spending didn't blow the long-term budget since future spending cuts and various tax increases maintained the balance over time if future Congresses were prudent. That's the main reason past deficits could be reduced without today's requirement on elected officials to rescind some of the unsustainable growth rates now built directly into programs. Long story short: we can easily afford a short-term stimulus as long as the long-run budget is in balance, but we can't if it isn't.

If I were Speaker of the House or the President, I would challenge the other party to join in holding each other accountable in a new budget process based on ideas like those coming out of the Peterson-Pew Commission. I

would also take some lessons from Great Britain's unusual two-party effort to balance the books. (Admittedly, a parliamentary system works differently and there are more than two major parties in Britain, but even two parties seldom agree to accept each other's proposals and split some differences.) I'd run to prove my party's leadership by offering to accept a dollar of the other's long-term budget saving with a dollar of my own, although I would



If I were Speaker of the House or the President, I would challenge the other party to join in holding each other accountable in a new budget process based on ideas like those coming out of the Peterson-Pew Commission.

engage neutral referees to deter game playing (such as proposing saving that is only temporary). Or I'd put some budget-balancing packages from the new commissions on the table and challenge the other party to accept them, rather than the status quo, as the starting point for bargaining. Once on the path

of reducing the long-term debt over the next two years, we can then use the next presidential election to determine which type of deficit-reducing action the public favors more.

Then there's accountability — one item I worked on as a member of the Peterson-Pew Commission. Why shouldn't the president have to propose and Congress adopt a budget that met certain standards, such as reducing debt relative to the economy? Or being balanced over the economic cycle? In budget presentations by the President's administration and by congressional budget offices, spending increases should be defined relative to past spending levels, not relative to past promises, many of which were ill considered and just plain unkeepable. (For instance, Medicare is not being "cut" relative to current levels when its growth rate falls from 6 percent to 5 percent!) Congress and the President can also enact triggers that force some deficit reduction when stated economic targets aren't met.

In the end, long-term deficit reduction or tax simplification or any other initiative alone can't beat back all the tough issues that face us as a nation. But not acting when there is agreement across the political spectrum that our budget needs an overhaul and we have the means to get started partly explains why Americans are so angry at Washington. The public's discontent with both political parties reflects the failure of both to get past fighting over the route when almost everyone agrees on the destination: a sustainable and better fiscal future. **RF**

Eugene Steuerle is an Institute fellow and the Richard B. Fisher Chair at the nonpartisan Urban Institute. Steuerle is also a former deputy assistant secretary of the Treasury. To subscribe to his free column, visit www.governmentwedeserve.org.

Divorce & the Deficit Commission

STACY CARLSON

They say money is a leading cause of divorce; it surely was on November 2nd. Voters divorced Democratic officeholders nationwide because of money, e.g., spending and debt. Meanwhile, the debt commission created by President Obama to recommend “fiscal responsibility and reform” is scheduled to report on December 1st. By then, however, the lame duck Congress may have made more multi-trillion-dollar decisions, from the fate of the Bush tax cuts to the FY2011 budget continuing resolution.

In press reports, the commission chairs have said they will recommend, if they can reach consensus, a mixture of spending cuts and tax increases. Their work, even if untimely, will still be valuable if it goes beyond mere numbers to propose free market-based tax and fiscal reforms to reignite our sputtering economic engine.

There wasn't a bipartisan love-fest when the commission was formed, so hope for bipartisan consensus and recommendations may be naïve now. At the time, Minority Leader John Boehner wondered why the Administration would wait to cut spending when we are in a fiscal crisis. In this, the United States can learn from Donald Rumsfeld's Old Europe. Leaders in France, Germany and the United Kingdom have proposed (and are enduring civil unrest over) fiscal austerity programs. Meanwhile, we've been busy: studying. It's an ironic metaphor for our recent economic incompetence.

The mid-term elections may reduce the commission's recommendations to an inside-the-beltway stalking horse, where the Obama Administration and media use them to criticize Republicans, who have

their own debt reduction plans.

In September, Boehner set out a two-point plan that would immediately cut non-security related government spending to FY2008 levels, and impose a two year freeze on all current tax rates. The likely new Chairmen of budget-related House committees, Dave Camp (Ways & Means), Jerry Lewis (Appropriations) and Paul Ryan (Budget), endorsed it. More recently, Boehner said that in the next Congress the House will move legislation, weekly, to cut spending and do everything possible to stop full implementation of the Obama health reform law.

Last April, Ryan issued his own budget blueprint. Calling it “no ordinary budget,” Ryan said it would accomplish four main goals 1) fulfill the mission of

An honest divorcee will admit that more than money wrecked the marriage ... The same is true for voters – they divorced the Democratic Party over more than money.

health and retirement security; 2) control our Nation's debts; 3) put the economy on a path of growth and leadership in the global economy; and 4) preserve the American legacy of leaving the next generation better off.

Ryan offered the hope – and the commission can amplify it – that the debt debate will be comprehensive. It should be about tax policy goals, not just tax rates. It should define our vision for trade and competitiveness, for safety nets and education. The aftermath of the 2008 financial crisis has shown how dramatically economic trends are shifting towards emerging economies. The United States is not entitled to be the world's leader; we have to earn it by setting a long-term, viable course for innovation and growth.

An honest divorcee will admit that more than money wrecked the marriage. There were arguments over children, vision and values, in short, over family

policy. The same is true for voters – they divorced the Democratic Party over more than money. It was also the uncertainty caused by intrusive, coercive fiscal policies.

The new GOP House majority's plans are aimed at reducing this uncertainty. The commission can support this by proposing reforms to restrain an unwieldy government that has paralyzed job creation.

Nancy Pelosi and Chris Dodd said about the health care and financial regulatory reform bills, respectively, that we had to pass them to know what's in them. Truer words have never been spoken. Thousands of pages of new legislation, and thousands of regulations yet to be written, affect employers and employees.

Small businesses aren't expanding or hiring because they don't know what to expect tomorrow. Multinational corporations are preserving cash and cutting costs because they don't know what profit penalties tomorrow will bring. We have been in a state of fiscal insanity – impulsive legislation and unpredictable outcomes. High unemployment and under-employment are predictable results.

The commission's recommendations will contribute much if they stop the insanity, if they include ideas to foster economic growth through private capital and entrepreneurship, and if they propose a policy scalpel – to work alongside a budget ax – to create a bigger economic pie rather than re-slice a stagnant one.

On November 2nd, a majority voted to divorce a political party which believes every economic conversation should begin and end with the word “Washington.” Ideally, the commission will offer proposals that remove government-created uncertainty and unshackle our dynamic private sector. **RF**



Stacy Carlson was Speechwriter to Treasury Secretary Hank Paulson and is the author of You, Me & the U.S. Economy, A Plainspoken Story of Financial Crisis.

The CASE FOR MICHIGAN

by SANDY BARUAH

Prior to seven months ago, I had never spent more than two consecutive nights in Michigan.

Today, after spending the bulk of my career in Washington, DC, serving Senator Bob Packwood and both presidents named Bush, I find myself leading the chamber of commerce in Detroit – our Nation’s largest.

Why Detroit? Why Michigan? The answer is simple: the challenges faced by this great American city and this storied state are the precursor to the challenges of our nation. As goes Michigan goes America.

While the national media depiction of Detroit is sensationalized, there is no doubt that we face challenges. Once a top 10 state in just about every measure, we are now one of the poorest states – Alabama will surpass us in per capita income. The City of Detroit was once the wealthiest city in America – and the ghosts of our previous wealth waft through the air as reminders of what once was.

Michigan has been written off by many – and that is a mistake. A mistake because the assets of this region are tremendous and unsung. A mistake because despite my years working at a national level, I have never seen a citizenry more devoted and dedicated to their home – and now committed to its turnaround. A mistake because America should pay attention to the lessons of Michigan to avoid copying the state’s mistakes at the national level. Here’s why Michigan matters:

Manufacturing Matters

Beginning in the 1990s both

Republicans and Democrats confused financial engineering with real engineering. We equated the making of money with wealth creation.

While the robustness of our financial markets is a good thing and benefited families at all levels, it does not have the same economic ripple benefits of the manufacturing enterprise.



Michigan has been written off by many – and that is a mistake.

From R&D to production to logistics to marketing, the manufacturing enterprise touches multiple industries, disciplines and workforce skill levels.

Our Nation also thought that the assembly component of the manufacturing enterprise could be outsourced to other parts of the globe without impact to the other elements. We know today that is not true. As the world is comprised of more

equal competitors – with their own innovative capacity – we see the R&D and innovation component following the assembly. This is a trend we cannot allow to continue. Protecting America’s innovative edge is not a Michigan challenge, it’s an American one.

Automobiles Matter

They call Detroit Motown for a reason. This city put the world on wheels and changed the world for the better – a revolution with an impact greater than the Internet.

The conventional thinking is that autos are an industry of yesterday, not tomorrow. The reality is, however, that today’s auto production encompasses leading edge alternate clean energy propulsion, lightweight composite materials, world-class logistics, clean manufacturing techniques, sophisticated consumer electronics and more.

If the sheer scope of the automobile industry does not impress, simply look at the market opportunity. Regardless the demand for these four-wheeled wonders in North America, the worldwide market will continue to grow strongly and America must capitalize on this growing market.

Regional Collaboration Matters

Michigianians frequently ask the question, “When is Washington going to help our state?” While on several issues, such as efforts to save GM and Chrysler, the federal government has indeed stepped up in a big way, I understand the frustration. My response is always, ‘yes, what happens

in Washington is important, but what's more important is what happens in our own region.' Economies are regional in nature, not constrained by political boundaries. While the entire state of Michigan has experienced its fair share of challenges, there is no denying that the West side of the state, anchored by Grand Rapids, has survived the great recession better than Detroit and the East side of Michigan. The difference is the sense of regional collaboration on the West side that is less prevalent on the East side. The clear lesson learned during my time leading the Commerce Department's Economic Development Administration is that regions that collaborate well together are more economically successful than those that don't.

Michigan and the Detroit region in particular, is learning this lesson and will be stronger as a result.

Michigan Matters

The state's economy is far more

diverse than most realize. Not only is health care the Detroit region's number one employer, our world-class medical institutions and providers have the most clinical trials in progress than any other metropolitan areas. Our technology and alternate energy industries – even those not associated with autos – are successful and leading edge. Michigan is rapidly becoming the Hollywood of the Great Lakes with substantial motion picture production.

The energy in Michigan is positive, and growing stronger. Job growth is occurring. Ford Motor Company is the poster child for the renewal of the American spirit. Labor leaders, such as Bob King of the UAW, are now partners with private industry to lower cost and improve competitiveness. Detroit's new mayor, former NBA great Dave Bing, is all Bing and no bling – focused on the fundamentals of righting the city's ship of state. The mid-term elections made wholesale changes

in state government – a Republican clean sweep led by an out-of-the-box outsider, Rick Snyder, as Michigan's promising new governor.

In short, it is a new day in our state – a new day with a new set of challenges. The Detroit Regional Chamber is pleased to work with numerous organizations, such as the newly formed Business Leaders for Michigan, to help drive change and meet these challenges.

We realize that not only does Michigan matter to America, but we also understand without doubt that there is a glorious future for Michigan.

It's just different from our glorious past. **RF**

Sandy K. Baruah is the President & CEO of the Detroit Regional Chamber and previously served as the Assistant Secretary of Commerce for Economic Development and the head of the Small Business Administration under President George W. Bush.

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Lessons in Job Creation from the Hoosier State

JAY HEIN

Will he or won't he? That is the question on the minds of many Republican faithful desiring Mitch Daniels to throw his hat in the ring for the White House in 2012.

It will be another year before there is an answer to that question. But what makes Mitch (as he prefers to be called) such an attractive national candidate is his success in the only campaign that matters to him: restoring Indiana competitiveness.

When he took office in 2004, the state was \$200 million in debt with a \$700 million structural deficit. Six years later, the state enjoys a billion dollar surplus and the first two balanced budgets in nearly a decade. This success has not gone unnoticed. Standard and Poors awarded the state its first AAA bond rating, notably earned while neighboring states like Illinois were going bankrupt. This led Forbes Report to list the state #1 in the Midwest for business climate and numerous similar rankings have placed Indiana on the "best places to do business" map.

Governor Daniels achieved this remarkable turnaround by making fiscal discipline and managerial excellence his *raison d'être*. Such

behavior was not the result of a fad or to score political points, nor was it even a reaction to the severe distress his state was experiencing. Rather, running a tight ship is simply what makes Mitch Daniels, er, Mitch Daniels.

As a former political director to



...in 2004, the state was \$200 million in debt with a \$700 million structural deficit. Six years later, the state enjoys a billion dollar surplus and the first two balanced budgets in nearly a decade.

Ronald Reagan and budget director for President Bush, Daniels could offer impressive Washington bona fides to a growing horde of national media paying visits to

Indianapolis. Yet, he explains the best preparation for running a state came from the place he worked in between federal service: Eli Lilly & Co.

Daniels served as part of Lilly's top brass, first as President of North American Operations and then as Senior Vice President for Corporate Strategy and Policy. He learned that every great business has a clear goal that employees can understand and embrace. Immediately upon election as governor, he made raising the state's per capita income the State of Indiana, Inc.'s #1 goal. The new governor carefully explained to each of his agency heads that their success would be determined by how well their departments improved Hoosier salaries.

This jobs focus was easily applied to the newly formed cabinet-level economic development agency (see below) of course, but less obvious agencies had the same measuring stick. Take the EPA, for example.

Governor Daniels did not ask the "enviros" to lessen standards in deference to business, but rather to simply expedite their rulings. Previous administrations allowed

rulings to take over two years which caused great uncertainty and terrible delays in business operations. Daniels understood that business would benefit from quick ruling (up or down) and thus he required the EPA to report its progress in reducing lag time.

In order to build the “best sandbox in America” for business growth — the only sure route to increasing wages — the Daniels administration has fought on three fronts: getting the state’s fiscal house in order; reengineering government to operate at the speed of business; and building a 21st century infrastructure.

Getting Hoosiers’ Fiscal House in Order

The Daniels administration has cut over \$250 million in unnecessary spending and saved another \$190 million by privatization and renegotiating the previous administration’s contracts. This is simply the blocking and tackling of governing, albeit with a bit of flair. When asked by state bureaucrats for permission to build a new parking garage to house the expanding state fleet, Daniels had staff place a penny on the vehicles’ tires. When dozens of the cars still had the pennies months later, not only didn’t the agency get their garage but they were forced to sell the unused cars.

Reducing headcount is the surest route to reduced spending and sustainable budget management. Governor Daniels has cut staff to 1970s levels, yet surveys indicate improved customer service. To assist with the cost cutting effort, Daniels formed an Efficiency Commission and named some of the state’s leading private sector stars to fill its ranks. This is a simple and brilliant deployment of corporate talent in public service.

Act at the Speed of Business

As one of his first actions in office, Governor Daniels created the public-private Indiana Economic Development Corporation (IEDC) to bring jobs to the state. He installed himself as chairman and hired one of the state’s leading businessmen as director. He also hired the co-founder of Vera Bradley, one of the state’s great business success stories,



In order to build the “best sandbox in America” for business growth ... the Daniels administration has fought on three fronts: getting the state’s fiscal house in order; reengineering government to operate at the speed of business; and building a 21st century infrastructure.

to serve as head of the Commerce department.

This effort, and these leaders, insisted that the state would operate at the speed of business in pursuit of new jobs and attracting business from just across the state line as well as Asia and points between. In just its first year, IEDC completed more transactions than the previous two years combined and followed up the next year by

becoming the only state in the nation to land three high profile automotive investments: Toyota, Honda and Cummins. The state is now seeking investments by automakers and others in its alternative energy sector.

Build a 21st Century Infrastructure

Daniels made national headlines when he sold a 75-year lease to operate state toll roads for an eye-popping \$3.8 billion. While these funds are used for shovel-ready and long overdue roads and bridges projects, the Governor understands that the most important 21st century infrastructure investment is the education of Indiana’s children. Aided by new Republican majorities in both legislative chambers, look for Indiana to advance the nation’s most aggressive education reforms over the next two years.

During the last decade, Tommy Thompson and a crop of innovative GOP governors proved that some of the nation’s best policy innovation comes from the states. Mitch Daniels is adding a dynamic chapter to that story and his fiscal integrity campaign – and record of job creation – might very well lead to one more. **RF**



Jay Hein is president of Sagamore Institute, an Indianapolis-based think tank. A senior

White House official from August 2006 - August 2008, he also serves as Vice President of the Foundation for American Renewal and was appointed by Governor Daniels to serve as a member of the Indiana Commission on Community Service and Volunteerism.

Republican Heart and Soul: The Definitional Battle for the 2012 Presidential Nomination

LARA M. BROWN

Like day following night, as the mid-term election recedes, the presidential contest intensifies. Even though three of the last four incumbent presidents won reelection, no fewer than a dozen Republicans appear poised to run for their party's nomination in 2012. Far from foolish, these ambitious aspirants perceive myriad opportunities in the current political environment.

The economy, by President Obama's own admission, is "stuck in neutral." The 2010 mid-term election exit polls showed that 56% of those who voted believe that government is "doing too much" and 54% disapprove of how Obama is "handling his job as president." Come January, Republican governors will serve in 29 states, including the recurrent presidential battlegrounds of Florida, Ohio, and Pennsylvania. According to reapportionment projections, Republican strongholds like Texas, Georgia, South Carolina, and Utah will cumulatively gain seven electoral votes, while reliably Democratic states like Massachusetts, New York, New Jersey, and Illinois will together lose five. Even excluding the oft-speculated on challenge to President Obama's re-nomination, the existing

conditions favor the GOP in 2012.

That said, Republicans should brace themselves for a raucous presidential nomination contest. Regardless of the winner, over the next sixteen months, the party is likely

establishment.

Amidst the chaos, the nomination contest is likely to follow one of two paths. One involves a competitive fight with no frontrunner, only a party favorite challenged by multiple candidates. The other involves an impressive insider and an electrically-charged outsider. Depending on whether Republicans reject or embrace their newly-elected conservatives, their presidential nomination contest will be similar to the Democratic battles in either 2004 or 2008. Former Massachusetts Governor Mitt Romney (like John Kerry and Hillary Clinton) is respected, accomplished, and disciplined. He is a safe choice and he's most Republicans second choice. Former Alaska Governor Sarah Palin (like Howard Dean and Barack Obama) is exciting, unconventional, and audacious. She is a risky pick and she's most Democrats fervent wish. Be careful what you wish for.

How were the others eliminated?

First, the invisible primary is closer to six years, not two. Most aspirants who have won a nomination either made a previous credible attempt (e.g., Richard Nixon, Ronald Reagan, Bob Dole, and John McCain), or distinguished themselves in some dramatic way (typically at



Lara Brown

Republicans should brace themselves for a raucous presidential nomination contest ... Elites will disparage populists. Conservatives will condemn compromisers. Tea Partiers will challenge the Washington establishment.

to experience rather fierce factional and ideological disputes. Elites will disparage populists. Conservatives will condemn compromisers. Tea Partiers will challenge the Washington

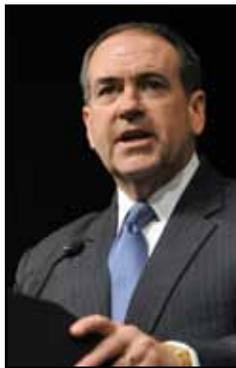
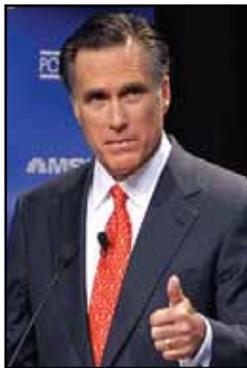
the national party convention) in the presidential cycle prior to their winning (e.g., Franklin Roosevelt's nominating speech for Al Smith, George McGovern's drive to reform the nomination rules, and Barack Obama's keynote address). If the aspirant has not already ascended to the national stage, they are unlikely to make the leap to party nominee in one jump.

In 2012 this means that it's unlikely that Minnesota Governor Tim Pawlenty, Indiana Governor Mitch Daniels, Louisiana Governor Bobby Jindal, New Jersey Governor Chris Christie, South Dakota Senator John Thune, South Carolina Senator Jim DeMint, former Pennsylvania Senator Rick Santorum or retiring Indiana Representative Mike Pence will prevail. Mississippi Governor Haley Barbour is somewhat different in that he has served as the former chairman of the Republican National Committee and he now serves as the chairman of the Republican G O V E R N O R S

Association. Still it seems more likely for him to wind up as number two, not one, on the national ticket. Although former Speaker Newt Gingrich has a high profile, he also possesses a controversial personal background and an uneven record of political leadership, which includes the Democrats gaining seats in the House of Representatives in a Democratic president's sixth year in office (1998).

Second, in recent history, presidential aspirants win by leading ideological factions to dominate their party, while simultaneously attracting

independents to their candidacies. For instance, Obama labeled himself a "pragmatic progressive" and pulled votes from both the center and the left side of the ideological spectrum. Palin who considers herself a "commonsense conservative" seems intent on following this model. Her new reality television show appears deliberately designed to showcase her as: (a) a courageous doer, not a big talker; (b) a practical problem-solver; and (c) a down-to-earth person who tries to live her values. Her likely aim is to get independents to like her again, so that when she campaigns,



...in recent history, presidential aspirants win by leading ideological factions to dominate their party, while simultaneously attracting independents to their candidacies.

they will listen to her.

Former Arkansas Governor Mike Huckabee who ran unsuccessfully in 2008 is the one other aspirant who not only speaks for the conservative wing of the Republican Party, but also garnered votes from independents in places like Iowa. Like Palin and Romney, Huckabee raised money and doled out endorsements last year. Unlike them, he seems more tentative about pursuing the White House. In short, if the Republicans in 2012 look like the Democrats in 2004 or 2008, then it seems Huckabee may play the role (runner-up or spoiler) of

former North Carolina Senator John Edwards.

But the challenge confronting Republicans goes beyond ideology and involves its coalition. Romney's upper class status and traditional network comprised of business executives and entrenched party loyalists turns away the very people – working class and rural voters – the Republicans need to win the presidency. While some question the Tea Party's inclusiveness, they are largely responsible for electing Marco Rubio to the Senate; Allen West and Kristi Noem to the House; and Susanna Martinez and Nikki Haley to governorships. These freshly-minted leaders, if empowered, will help the Republican Party peel away the groups (women, minorities, and blue collar workers) that regularly side with the Democratic Party. But they will only be effective, if they are stumping on behalf of a more "relatable" nominee like Palin or Huckabee.

Taken together and as the early polls indicate, the Republican presidential nominee in 2012 is likely to be Romney, Palin, or Huckabee. But which one makes it through the briar patch that is party politics will depend on how much the Republican establishment cedes to the ideological conservatives to whom the GOP owes its new House majority. **RF**

Lara M. Brown, Ph.D., is an assistant professor in the Department of Political Science at Villanova University and the author of Jockeying for the American Presidency: The Political Opportunism of Aspirants (Cambria Press, 2010).

Ripon Profile

Name: Timothy E. Scott
Congressman-elect, South Carolina's
1st Congressional District

Hometown: Charleston, SC

Professional Experience: Tim Scott and Associates
(Allstate Insurance Agency); Pathway Real Estate Group
(Partner)

Past Political Activities: Charleston County Council
1995-2008 (Chairman for 4 years); SC State House of
Representatives 2009-Present

Why did you run for Congress in the first place?

I believe that South Carolina and Washington need a conservative voice in the House of Representatives. My commitment to cut spending, reduce taxes, fight against nationalized health care, reduce government bureaucracy, and grow our economy compelled me to run for Congress.

In the last 225 years, who is the Member of Congress you admire the most? Jack Kemp

What was the most unexpected question you heard on the campaign trail (and what was your answer?)

"Why are you a conservative?" My answer to those who inquire is that I firmly believe in the conservative values of hard work, religious faith, limited government, and giving back to the community. I believe that the people should control their own destinies, not the federal government, and I will fight for the fundamental values and rights on which our country was founded.

What are your top three legislative priorities looking ahead to next year?

The top three legislative priorities for me as I look ahead into the next year are cutting spending, reducing taxes, and fighting against nationalized health care for a more sensible approach to our nation's health care system.

If you ever get a day off, what are you going to do?

Take my mother to dinner after working out.

Get your motor running.



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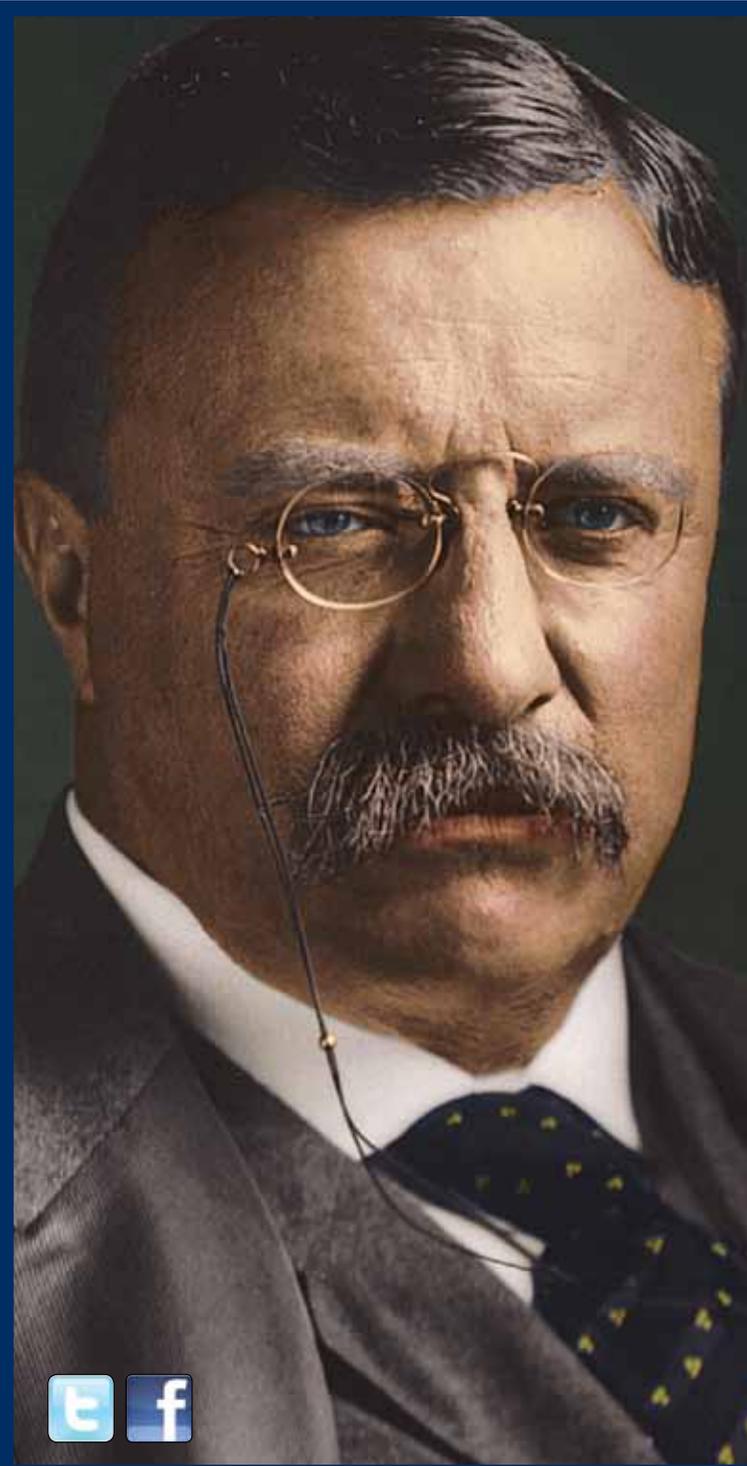
Now, that's what we call an engine of economic growth.



*The Economic Impacts of the Oil and Natural Gas Industry on the U.S. Economy, PricewaterhouseCoopers LLP, September 2009 (Sponsored by API). Copyright 2010 - American Petroleum Institute, all rights reserved.

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