

RIPON FORUM

CARTER'S
BAD MATH

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CAST YOUR BREAD UPON THE WATERS

On October 19, 1977, the House of Representatives bit the hand that fed it. Maritime industry and union interests---who have lavished millions in campaign contributions, honoraria, and stylish entertainment to cultivate a docile Congress---found that the House had lost an appetite for their piece de resistance, a maritime cargo preference bill. Yet before the bill went down to a 252-167 defeat, some reputations of individual members were profoundly changed.

"Smiling Jack" Murphy, a politician whose gall is legendary, had visited the well once too often. The chairman of the Merchant Marine and Fisheries Committee in tandem with Speaker Thomas P. "Cannonball" O'Neill had engineered a railroading, which if had been successful, might have generated a public clamor to rename their august body the House of Reprehensibles.

Fending off the combined clout of the the maritime interests---which was reinforced by a million dollar ad campaign mounted by Jimmy Carter's erstwhile ad man Gerald Rafshoon---was California Republican U.S.Rep. Paul N. "Pete" McCloskey, Jr. One of the brightest and most articulate individuals ever to sit in the House, McCloskey nevertheless had a reputation among many members as a lover of quixotic causes. The defrocking of Richard Nixon had eventually won McCloskey a begrudging tolerance from his fellow Republicans. Nevertheless, Pete McCloskey, although a veteran of ten years in the chamber, still remained a House outsider.

This most unlikely spoiler of the feast being prepared at the consumer's expense by Murphy and O'Neill possessed two strong assets: an impressive grasp of facts concerning the murky waters

surrounding maritime issues and a moral indignation at the corrupt state of the shipping industry. President "Trustme" Carter had decided to clip the American consumer for a few billion dollars to keep the lid on a closed-door political deal with marine unions. But he faced the same unrelenting opposition in McCloskey that Richard Nixon had faced only a few years ago. A few weeks after the Administration's announcement that it would support maritime cargo preference on national security grounds, McCloskey made public the entire White House decision package (apparently leaked by a conscience-stricked White House staffer).

From reading the various memoranda concerning cargo preference, the casual reader might conclude that President Carter had "misspoke" to use the terminology that got Nixon in trouble and the style that Carter promised to eschew. The Department of Defense did not believe cargo preference was helpful to our national security, the State Department thought that cargo preference would harm our relations with allies and violate over 30 U.S. treaties, and the Treasury Department and the Council of Economic Advisors believe that cargo preference would harm our economy. Special Trade Negotiator Robert Strauss, however, overrode these picayune considerations by pointing out that nothing less than support of cargo preference would satisfy the friends of Maritime Engineers Beneficial Association president Jesse Calhoun. Carter, realizing that he might be back shelling peanuts had it not been for the crusty union leader's intercession at crucial stages of the 1976 presidential campaign, sided with Strauss, who knows more about politics than international trade. (See the July 15 and August 15 Ripon FORUMs for further details.)

Strauss had advised Carter that support of cargo preference might cost him a couple of days of bad press. The wily former Democratic national chairman badly underestimated the interest of newspaper editorial writers. In addition, the array of opponents to this legislation spanned the ideological spectrum in what must surely rank as one of the most unusual lobbying coalitions in recent congressional history: the Ripon Society, Human Events, Common Cause, the Grange, the National Association of Manufacturers, the U.S. Chamber of Commerce, the American Petroleum Institute, and Ralph Nader's Public Citizen and Congress Watch (which effectively lobbied many younger Democrats in the final weeks before the House vote.)

Very little was spent by cargo preference opponents to defeat HR 1037, which both proponents and opponents agreed was almost assured of passage in the House, but might be stopped by more concerted opposition in the Senate where Senators Bob Dole, Robert Griffin, and Richard Lugar stood ready to do battle. Cargo preference opponents realized that the lavish advertising and generous campaign contributions paid out by maritime interests were the bill's Achilles heel. Despite attempts of Murphy and other cargo preference flaks to rail against the multinational oil companies, the oil industry maintained a very low profile.

With informed public opinion turning steadily against cargo preference, Murphy and O'Neill sought to muscle the legislation through the House. Most of the Democrats on the Merchant Marine and Fisheries Committee had acquiesced to Murphy's decision to "stonewall" a request by McCloskey to subpoena several reluctant witnesses, including Treasury Secretary Michael Blumenthal, Calhoun, and Strauss. "Cannonball" O'Neill summarily dismissed McCloskey's legal brief that House rules gave the minority a right to subpoena as well as request witnesses. O'Neill's Democratic minions on the Rules Committee fell into lock step behind the erudition of their speaker.

Thus it was that the first vote on cargo preference came on the rule to report HR 1037 for a vote. Republicans led by McCloskey sought to defeat the rule on the grounds that the bill had not been adequately reviewed in committee and that the minority's rights to call witnesses was a nullity if it did not extend to the right also to insist

that subpoenas be issued when witnesses refused to testify. Jack Murphy stood smiling as Democratic discipline held on this vote producing an impressive majority for the rule. In the afternoon of October 19, the tide began to shift under the gravitational forces organized by McCloskey.

The California congressman successfully pressed an amendment restricting U.S. flag carriers benefiting from cargo preference from charging more than 50 percent above the world market price. McCloskey succeeded also in adding amendments respectively to delay HR 1037's effective date until "the secretary of the Treasury certifies that such steps will not reduce total national employment and gross national product" and "the secretary of State certifies that such steps will not violate any treaty of friendship, commerce and navigation with any nation which is a member of the North Atlantic Treaty Organization."

Apparently confident that Carter could bring both Blumenthal and Vance to heel to port, Murphy acceded to both these amendments. McCloskey succeeded in also tacking on a fourth amendment permitting U.S. flag ships to be created from the 60 million deadweight tons in world surplus stock. He pointed out that the same ship immediately available at 17 million dollars from the tanker surplus would cost 150 million dollars and require three years to build in U.S. shipyards.

Despite the new packaging McCloskey had imposed on Murphy's bill, the Merchant Marine chairman was still set for salvaging something for his industry-union friends. What followed next was an incredible scene from a Grade B movie about political bossism. "Cannonball" O'Neill ambled out on the floor and promptly began mumbling inaudibly from the chair. By all indications he was discussing the third reading of the bill. The speaker finally abandoned his mumbling to announce that the bill had been passed. McCloskey, stunned by this brazen maneuver, jumped to his feet to demand a recorded vote. The speaker announced that he had waited too long. McCloskey moved for reconsideration, a motion which by the speaker's lights would require unanimous consent. Murphy objected. By now, many in the galleries were gagging in disbelief. At this point, U.S. Rep. Robert Bauman (R-Md.), A conservative supporter of HR 1037, sought to mediate by suggesting that Murphy

would ensue if a rollcall vote were denied on this issue. At the speaker's suggestion, Murphy withdrew his objection. Within a few minutes, the nays began to overwhelm the yeas on the House tally board. With the bill's defeat, 257-165, it became clear that money can't buy everything these days---not even the House of Representatives. ■

Cargogate Notes

In a widely reprinted article, Murphy attacked the proposed Panama Canal treaties on several grounds. In part, he wrote:

The Torrijos military dictatorship seized the government in a 1968 coup from the legally elected government. Since that time he has suspended the legislature, suppressed the media and subordinated the judiciary to his own national guard which, incidentally, has a minimum literacy requirement. The result is that supreme power in Panama is wielded by one dictator and a group of functional illiterates.

While Murphy has been one of the foremost Democratic opponents of the Panama Canal treaties, he has also been one of the foremost congressional defenders of Nicaraguan dictator Anastasio Somoza Debayle, whose reputation for despotic government is nothing to write home to Staten Island about. When the Staten Island Advance expressed editorial puzzlement about Murphy's denunciation of Torrijos and support for Somoza, Murphy hit the roof. In an article subsequently published in the Advance, Murphy suggested that only his respect for the First Amendment stood in the way of a law suit. Murphy's respect for the First Amendment had not previously been conspicuous, particularly in regard to possible lawsuits.

Murphy's concern for Nicaragua is understandable, however. The New York Times' Ann Crittenden revealed in late October that Murphy is the subject of a Justice Department inquiry into his role as a go between Nicaragua and Iran in the construction of a proposed oil refinery in Nicaragua. Murphy's efforts to convince Iran to supply oil to the proposed facility (to be owned by Somoza) were eventually fruitless. Murphy's attributes his interventions on behalf of the Iranian and Nicaraguan governments to "friendships," but it is difficult to understand how

friendships have financed his numerous trips to those countries, several of which have not been paid for by the U.S. Congress. He made at least two such expensive trips to Iran in one recent year and the Washington Post has quoted a Nicaraguan official as saying that Murphy has visited that country "at least 100 times." (Murphy and Somoza were former West Point roommates. However, it is also worth noting that the proposed Panamanian treaties would prohibit the construction of an alternative canal by the United States. The logical route for such a canal would be through Nicaragua.)

Murphy's efforts to promote the business interests of foreign governments are not the only ones to get him into recent trouble. Murphy appeared before a New York grand jury investigating organized crime and the trucking industry. Murphy, whose family owns Cleveland General Transportation Co., appeared "voluntarily" before the grand jury in July to explain why he arranged a meeting between ICC official Robert Oswald and trucking company owner Thomas Gambino, son of the late Mafia leader Carlo Gambino.

While Murphy and the Carter Administration stonewalled any inquiry into the cargo preference legislation, one of the maritime industry's most zealous investigators was dismissed by the Justice Department. Over the objections of Deputy Attorney General Pete Flaherty, New Jersey U.S. Attorney Jonathan Goldstein was asked for his resignation in early September. Goldstein's dismissal demonstrated clearly that the Carter Administration placed more weight on its promises to maritime unions than to candidate Carter's pledge to depoliticize the appointment of U.S. Attorneys. As Goldstein said in his resignation statement: "They gave way to the dictates of typical, traditional discredited politics."

RENEW TODAY

Commentary: Economics

CARTER'S MORAL EQUIVALENT OF WAR

by Richard W. Rahn

William James defined the moral equivalent of war as something involving "discomfort and annoyance, hunger and wet, pain and cold, squalor and filth." We have, in our society, many who suffer these symptoms. These are those excluded from the economic benefits of America. It is both ironic and sad that even though Mr. Carter based his campaign on promises of improving the lot of the poor, the black, and the disadvantaged, he has done more in the first ten months of his presidency to add to their plight than to alleviate it.

It is the economically disadvantaged who suffer most from low rates of economic growth, from high rates of inflation, and from high unemployment. As even his advisers will admit, President Carter's minimum wage increases, energy program, and Social Security funding proposals will substantially add to the rate of inflation and reduce employment opportunities, for each will cause a major increase in taxes levied on the productive sectors of the economy. Moreover, there have been no equivalent proposals to offset these tax increases by reducing taxes on productive work and capital.

Let us examine the effect of each of these programs, beginning with the minimum wage increases. Carter has just signed into law a bill that will increase the minimum wage in a series of steps from the current \$2.30 per hour to \$3.35 per hour by January 1, 1981.

Most white male workers currently make well in excess of \$3.35 per hour. The effect of the increase on these workers can only be a small reduction in their effective buying power, caused by increased inflation due to higher business costs. Those who suffer most from an increase in the minimum wage are those least skilled, especially teenagers and particularly black teenagers.

Businessmen only hire employees whom they believe will produce more in product than they will cost in wages. Thus the minimum wage becomes equivalent to a tax. It constitutes a penalty on the least productive workers, for they become the least likely to be hired. It is a fundamental proposition of economics that when an item is taxed, you will get less of it, and when it is subsidized, you will get more. The minimum wage

taxes work, but only the work of the least productive workers.

A worker's productivity is a combination of such things as his basic work habits, i.e., his not goofing off, getting to work on time, being well-disciplined, his energy level, his skill in using the various tools of his trade; and his stock of knowledge gained through education and experience. Teenagers, then, tend to be less productive than do older and more experienced workers. A teenager who now produces \$1.50 per hour of product is, under current law, barred from working, while a teenager whose skills have improved to the point where he can produce \$2.50 per hour of product may now be able to find employment. But under Mr. Carter's 40 percent increase in the minimum wage, the second teenager too will be legally barred from working, and it will be only those unusually skilled teenagers able to produce more than \$3.35 per hour of product who will be able to find work.

Even Secretary of Labor Ray Marshall has now conceded that the increase in the minimum wage will add about 100,000 people to the unemployment rolls. Many impartial observers believe that the actual figure will be even higher. Again, most of these unemployed will be teenagers, particularly disadvantaged teenagers. What Carter and Congress have said, in effect, to these disadvantaged youths is that it is illegal for them to obtain a job to increase their work skills and thus to acquire further education; but more importantly, that it is illegal for them to learn how to become productive members of society.

As far as Carter's energy program is concerned, things are less clear. The final shape of the energy legislation that Congress will act on remains uncertain. It is apparent, however, that much of Carter's energy program, if enacted as proposed, would add appreciably to inflation by taxing energy at extremely high levels. Moreover, it would do little to encourage domestic energy production. In fact, raising the tax on domestically-produced oil to the world price, as is proposed, would provide no incentive whatever to reduce our dependence on foreign nations for petroleum.

It is, however, Carter's proposals concerning natural gas prices that are most damaging to the economy. The President opposes removing the price controls on domestic natural gas, despite the testimony of nonbiased authorities that we have several hundred years' supply remaining even at current usage rates. In addition, the Department of Energy is negotiating long term deals with Algeria, Indonesia, and Mexico to import their gas at rates of up to \$3.50 per thousand cubic feet. The Department of Energy is meanwhile insisting that the price of domestic gas be kept at less than \$2.20 per thousand cubic feet.

The economic consequences of such policies are all too clear. Increased taxation of consumers and productive users of energy will reduce their purchasing power, adding to inflation and unemployment. Also, by reducing domestic incentives to produce more energy and not expanding disincentives to purchasing energy abroad, we will experience an increase flow of both jobs and dollars from this country to energy producing countries. This will further depress the price of the dollar relative to other world currencies, and thus add to domestic inflation.

Carter's programs are the equivalent of war. It is a war analogous to that of the military strategist who plans to win by destroying the home country so that it will be of no conceivable use to the enemy. The United

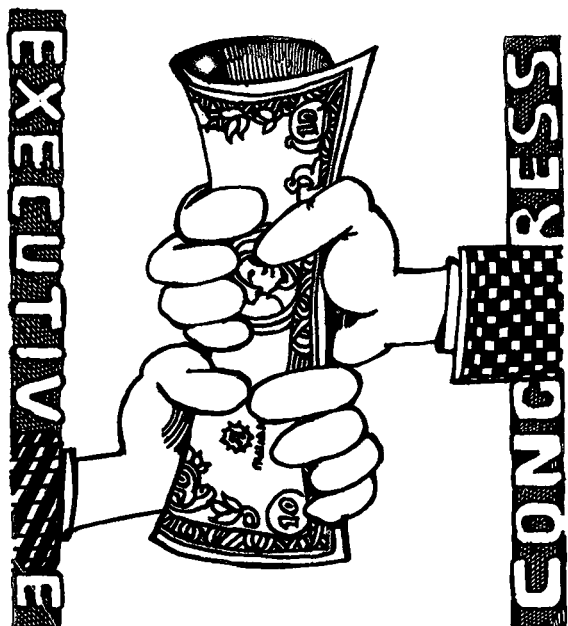
States already taxes productive work and productive capital at higher rates than virtually any other industrialized country. Carter's Social Security proposals, rather than alleviating the problem, add to it.

Employers determine the number of employees they hire on the basis of what the employee will cost them, not on what the employee will receive. We also know that, as a general proposition, the number of employees available or willing to work will increase as the real wage increases. An employee's willingness to work is not a function of the employer's labor cost, but rather a function of the wages he actually receives. Payroll taxes, such as the Social Security tax, create a "wedge" between what the employer has to pay for the worker's services, and what the employee actually receives. The effects of the wedge and how it increases unemployment have been extensively analyzed and described by Dr. Arthur B. Laffer of the University of Southern California.

To understand this concept, imagine a wedge consisting of Social Security, unemployment and other taxes totaling 20 percent of the money paid a worker whose gross wages are \$200 per week. Imagine that the employer pays half and the employee half; thus each pays 10 percent. Under these conditions, the employer's cost is not \$200 per week, but rather \$220 per week. The employee isn't receiving his \$200 per week either for he must subtract his tax wedge share of \$20, leaving him with \$180 per week in actual wages received. Thus a wedge of \$40 is the difference between the wages paid of \$220 per week and those received of \$180 per week.

It is easy to see what happens if the wedge is increased to, say, 40 percent. Assuming that it is still divided evenly, the cost to the employer will rise from \$220 per week to \$240 per week. As a firm's decision to hire is based primarily on the cost of its labor, firms will hire fewer workers. Real wages received by employees will fall from \$180 to \$160 per week, making employees less willing to work. Thus, as the wedge is increased, both the firm's desire to hire workers and the workers' willingness to produce will be reduced, and so affect output and the level of total employment.

It is all very well to point to shortcomings in President Carter's econ-



omic proposals, but it becomes a futile exercise unless alternatives can be offered, alternatives that will not be destructive of work and productive effort, and will not increase inflation and unemployment, nor decrease the rate of economic growth. Such alternatives do exist...for example, the establishment of a lower minimum wage for teenagers...or a voucher system whereby employers could offset part of the wages paid to low-skilled workers with tax credits...or, in regard to the energy problem, a much greater reliance on the free market. Such reliance would reduce the rate of energy price increases, allocate energy resources more efficiently, provide the necessary incentives for further energy development, and thus be far less destructive than Carter's proposed energy plan.

The Social Security system needs to be totally revamped to reflect the change in the birth rate and the real needs of Americans today. These needs are far different than those of the 1930s. Consideration ought to be given to funding Social Security through a value added or consumption tax rather than through a payroll tax. The burden of Social Security would thereby be carried equally by the entire population---and not solely by the unprivileged majority who do not work for the executive, judicial or legislative branches of government.

In conclusion, none of the alternatives offered to help us solve these pressing economic problems are painless, but some are less destructive than those of President Carter. Even though his presidency is only ten months old, it has already reached a critical point. Carter can follow his present path of increased taxes and penalties on productive labor and capital, and thus ensure a massive recession and his own defeat in 1980. Or he can take a bold, positive step as John F. Kennedy did in 1962, and propose extensive tax reductions on productive labor and capital. Specifically, these should

include substantial income tax rate reductions. In addition, substantial reductions in the effective rate of corporate taxation are needed.' These can be accomplished by reducing the corporate tax directly, and/or by eliminating the double taxation of dividends, providing more realistic recovery allowances, and increasing the investment tax credit. Such a program of tax reduction would ensure rapid economic growth for the next several years, and greatly enhance Carter's chances of reelection.

If Carter remains on his present course, hardship will befall all Americans, whether they are Democrats or Republicans, rich or poor, black or white. For unlike past wars, Carter's proposals will destroy the fabric of America: production, achievement and success. Our economy, through which so much has been achieved for so many, will receive a blow from which it may not recover. If Carter's programs are enacted as written, they will do the most harm to those least able to defend or to help themselves, those most affected by economic downswings. This cannot be President Carter's intention. Let us hope that it is not his result. X

Contributor Note: Richard W. Rahn is executive director of the American Council for Capital Formation.

Looking for a gift to give that special Republican on your Christmas list. Neiman-Marcus has a special Lincoln Safari in its Christmas catalogue. The seven-day excursion to Springfield, Illinois costs \$30,000, but all proceeds go to Lincoln College, Lincoln Illinois. The junket includes a personal tour by actor-scholar Richard Blake and "a commemorative planting of a red oak tree at the Lincoln Farm. The tree site will be permanently marked with a metal plaque bearing your name, hometown, and date of the safari."

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Some of Gov. Jay Hammond's severest critics belong to the Republican Party. There has been speculation that the proponent of controlled growth would have difficulty winning renomination over the pro-growth forces in his own party. Hammond recently announced for reelection, however, and the best odds are that Hammond and Lieutenant Gov. Lowell Thomas, Jr. will win renomination and reelection.

It's not that the gubernatorial post lacks for prospective contenders. Former Gov. Walter Hickel (R) would like his job back, but after his defeat by Hammond in the 1974 primary, it is unlikely that will enter the race without the sort of unified party backing that seems unlikely. A group called "Spirit of Alaska" has been trying to achieve just such a result. Like the leader of the powerful Teamsters union in Alaska, Jesse Carr, Hickel has been among those critical of Hammond's growth policies.

Hammond has been willing to take on both powerful labor and business interests in espousing what his opponents decry as an "anti-development" program. Nevertheless a recent poll by Alaska Research showed that Hammond is the state's strongest gubernatorial hopeful with support from 26 percent of the Republicans and 28 percent of the independents. By comparison, Hickel drew support from 22 percent of both groups. Hammond is weakest in Anchorage where the Anchorage Times is vehemently anti-Hammond and where many gubernatorial hopefuls are derailed.

These include former House Speaker Tom Fink (R), a conservative insurance man who is certain to be a candidate; Anchorage Chamber of Commerce president Thomas E. Kelly, a geologist who served as commissioner of natural resources under Hickel; and Hickel himself on the Republican side. For the Democrats, former Gov. William Egan is the leading Anchorage candidate to recapture the post he narrowly lost in 1974. Second in line is Anchorage State Sen. Chancy Croft, a liberal and competent legislator who has the lasting animosity of Egan for Croft's disinterest in Egan's 1974 reelection fight. He has won bipartisan respect, however; the Republican chairman of the Senate Finance Committee has already endorsed him. Indeed, part of Egan's displeas-

ure with Croft stems from his role in providing accommodations for Hammond's campaign manager in Anchorage during the 1974 campaign. And speaking of accommodations, Sheffield hotel chain owner Bill Sheffield is personally depicted in his hotels' advertising these days. Sheffield is the Democrats' third major candidate for governor and displays his views in the chain's house magazine.

All of the above are critical of Hammond's leadership style and most are critical of his growth policies. But as Hammond campaign chairman Ralph Migliaccio observes: "Many businessmen like me realize what the governor's aiming for is a balance between the need to safeguard the esthetically pleasing Alaskan lifestyle and the need to maintain an economy that's healthy enough to provide jobs and a good standard of living for us all. We can't allow extremists on either side to dominate, and believe me, that's what this election will be---a struggle by certain special interests for control of Alaska's future." Hammond's biggest difficulties, however, may come as a result of his tight-fisted fiscal policies. Despite the state's huge oil windfall, pressures to exponentially expand state spending have mounted. "People don't equate their particular projects with governmental growth," says Hammond. "But increased funding for day care is expanded government, another ferry on the the system is expanded government...But with all these things, individuals say, 'I'm all for suppressing government growth, except when it's the kind of growth I want to foster.'"

Compared to the gubernatorial group grope, the 1978 Senate race is the picture of loneliness. Sen. Ted Stevens (R) is probably the safest Republican in the nation. U.S. Rep. Don Young (R), however, already has two Democratic challengers: Anchorage Sen. Pat Rodey and Fairbanks State Rep. Steve Cowper. Facing Native American candidates in the last two elections, Young has won easily. ■

SPECIAL INTRODUCTORY CHRISTMAS GIFT
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Ripon: Update

NEW HAMPSHIRE New Hampshire stumbled out of its budget crisis this year without much help from the state's bumbling governor, Meldrim Thomson. But Thomson's incantations about no new taxes continue to mystify the voters despite his appalling conduct of state affairs. As the Concord Monitor's Tom Ferriter wrote earlier this year: "For good political reasons, Thomson has been reluctant to offer a clear expression of the current [budget] situation and the state's prospects for the future. Simply put, the issue is this: New Hampshire must either begin to dismantle its state government or face the inevitability of a broad-based tax in the near future. Thomson has recognized this and has made his choice. He will preside over the dismemberment of state government sooner than accept a general sales or income tax to help pay the state's bills." The legislature was able to cut one repulsive item from the budget. The state commission on women was axed after it issued a report blaming wife-beating on women's lib. Unfortunately for the GOP, no one has yet emerged to do ritual battle with Thomson in next year's GOP primary. The best that thinking Republicans can hope for is that Thomson may still be tempted to enter the race against Sen. Thomas McIntyre. Such an eventuality is not unthinkable if Thomson hears the bugle call from the Canal Zone. (In legal dispositions filed in Thomson's suit against the author of Who the Hell is William Loeb, a number of interesting observations are made: Thomson received an employment deferment to evade the draft in World War II; he dropped out of the University of Miami after a controversial role as a student activist; and that he intervened in the affairs of one of his lawbook firms in Puerto Rico in 1975 to stave off bankruptcy. It might be noted that Thomson's firm publishes lawbooks for the Canal Zone.) Former Attorney General Warren Rudman (R) is also considering a race against McIntyre although both Rudman and former Gov. Walter Peterson are thinking about the 1980

race against Sen. Thomas Durkin (D), who is considered more beatable than McIntyre. There is every indication that a McIntyre-Thomson race would be a vicious contest. Early this year, McIntyre delivered a speech in which he said: "We have allowed [New Hampshire] to become dominated by the disciples of conflict and exploiters of division; by pietistic frauds who have cheapened and soiled those intensely personal matters like love of God and country by whipsawing them through the political arena; by flagwavers who scorn the institutions behind the flag; by bully boys who brook no opposition, snoop in confidential files, encourage people to inform on their neighbors, slap gag orders on state employees, run roughshod over town meeting decisions, pressure independent regulatory agencies, harass the state university, claim all truth and virtue, partition society into 'us' and 'them,' and think of opponents not as candidates to defeat but as enemies to annihilate." Rudman would be a much more reasoned opponent whose law and order credentials would be buttressed by the rationality that Thomson lacks. Although Senate president Alf Jacobson (R) has announced his intention to contest McIntyre, he would probably switch quickly to the race for Congress should U.S. Rep. James Cleveland (R) decide to retire. As the state's lone Republican in Congress, Cleveland seems tempted to return to the Granite State. The GOP would immediately produce a large crop of would-be congressmen, including Executive Councilors Bernard Streeter and Ray Burton. The sole would-be congresswoman, State Rep. Susan McLane (R), would have a good chance of winning a crowded primary. The McLane name is well known in the state as a result of her ten years in the legislature and chairmanship of the House Ways and Means Committee. Moreover, McLane's husband is a member of the Governor's Executive Council, a former mayor of Concord, and an independent Republican candidate for governor in 1972. The GOP situation in the 2nd C.D. is considerably sadder since the party has been unable to recruit a truly quality candidate against the vulnerable U.S. Rep. Norman D'Amours (D).

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