Getting Back to Business

A Republican agenda

By David B. Hill

Throughout the seamy Clinton impeachment ordeal, there were constant reminders that Americans found Clinton culpable, but most opposed his impeachment. Why did so many Americans persist in this apparently self-contradictory and awkward double standard?

The answer suggested by many sophisticated pundits and ordinary Americans was that Clinton's impeachment could have upset the economy. Americans, we were told, worried more about the value of stock market indices and their 401K plan balances than about any values William Bennett would lecture about or include in his national Index of Cultural Indicators. By keeping Clinton in office, Americans felt they were safeguarding their wallets.

While virtually no savvy political analyst would ever underestimate the importance of pocketbook considerations in voters' political calculations, the strength of the sentiment for protecting Clinton in order to preserve and protect the strong economy was striking. If true, it suggests several important conclusions.

First, voters still believe that partisan political leadership has considerable influence over economic outcomes. American business leaders, no matter how powerful and sophisticated in their management of the nation's commerce, must still share economic power with political leaders.

Second, voters vest more trust in Clinton's economic prowess than in that of the Republicans who sought to unseat him. They may even trust Clinton more than Vice President Gore and the other Democrats who would have taken over if Clinton had exited the Oval Office.

In fact, prior to the 1996 presidential election, polls showed that Clinton bested Bob Dole in no small part because of the incumbent President's presumed superiority in economic matters. And throughout 1998, voters typically gave Clinton some of his highest job performance ratings for managing the economy.

The polls of 1998 also indicated that most Americans believe the Democrats will do a better job than the Republicans when it comes to handling the economy (see Figure 1). This finding is not always consistent, however, particularly in the magnitude of the Democratic advantage. Some polls show the two parties' comparative ratings on handling the economy "too close to call."

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So we face the 2000 election with a continuing strong economy and two parties who should be eager to compete to show voters each can best ensure sustained economic growth and prosperity as the current occupant of the White House steps aside.

While the economy is perennially an important election-year consideration, the apparent paucity of other "major" issues would seem to leave open the possibility that economic concerns could play an especially crucial role in choosing a new President and Congress. This prospect is surprising when considered in a historical context that suggests elections turn on economic issues more often in bad times than in good. This time the debate will be about how best to protect and preserve an already strong economy; engaging in that debate may require more political skill and art than is normally expected from the parties and their politicians.

It is not necessarily clear that both parties and their principal candidates are ready and willing to make their case for managing the economy in the next round of elections. As a Republican, I fear that many Republicans are shrinking from this all-important political strategy. There are several reasons for this curious shortcoming of a party that has in the past been perceived by many as *the* party of business.

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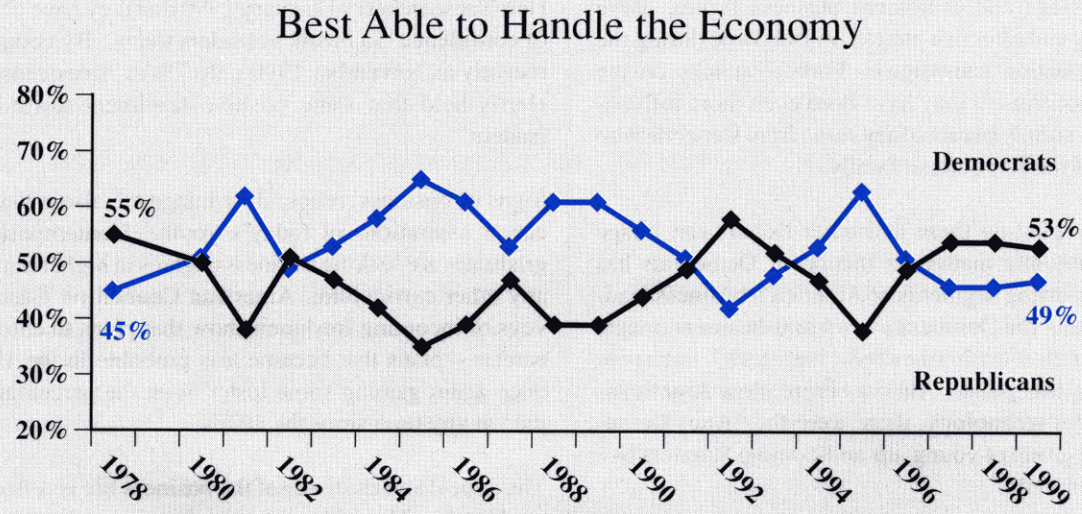
First, many Republicans belong to a faction of the party that is mainly focused on advocating positions on the social issues. Issues from abortion to school vouchers seem to interest and motivate many Republican faithful more than economic issues. The origins of many of these Republicans in the middle-to-lower segments of the socio-economic spectrum enhance their distaste regarding certain economic issues, especially those that seemingly boost "big business."

A second, essentially libertarian faction of Republicans, although interested in matters economic, keeps business at arm's length from politics as a matter of philosophy. For instance, one Republican in Congress with whom I am familiar refused

Figure 1



Note: These percentages represent averages of all askings in each given year, with "Both equally," "Neither," and "No opinion" responses calculated out.

to meet with business leaders from his district because "helping business is not the responsibility of government."

Third, there has always seemed to be more energy surrounding economic issues in presidential campaigns when the party out-of-power could promise to turn the economy around. In 1999 and 2000, many Republican strategists don't expect a message of fostering economic "recovery" to be very compelling and credible given the present robustness of the economy. The emphasis will have to be on maintaining the economy—an economy that many see as a Democratic economy—and that is not nearly as sexy for Republicans as playing turnaround artist. It is easier to ignore economic issues in favor of other, preferred "hot-button" issues.

But the fourth reason for Republican retreat on economic issues is the most disturbing of all. Dating back to a period of purported excess in the Reagan-Bush era, when the rich supposedly got richer and the rest of us floundered, many Republicans adopted a populist bearing that caused them to eschew economic and business-oriented themes. Big business had its warts during the early part of this era, too, making it sometimes awkward to be pro-business. I can remember conducting a focus group in a still-struggling rust-belt area of the Midwest during the mid-1980s when I asked participants whether government should be "run more like a business." One participant snarled at me and said with invective, "You mean run like Chrysler." While the Chrysler bailout was old news by that time, it still seemed like fresh insight to the economically beleaguered.

From Calvin Coolidge to James "It's the economy, stupid" Carville, America's politicians and political handlers alike have understood the role that pocketbook considerations play in political decisions. The math modelers of political science have rendered this understanding down to a set of highly predictive equations. The re-election prospects of incumbent officeholders are understood to spring from their supposed past and anticipated future handling of the economy more than anything else.

Since Calvin Coolidge's declaration that "the business of America is business" was followed too closely by a Republican depression, the party of Lincoln has been shy about embracing business and the economy too tightly. Democrats have taken advantage of this shy behavior, too. Like skilled pitchers who throw "high and tight" to exploit the fears of a batter who has been hit one too many times, Democrats don't hesitate to work the inside of the plate on this issue, and too many Republicans leave the batter's box for the safety of the dugout when it comes to business and economic concerns.

The cycle of Republican fears about "being economic" has seen ups and downs, but the latest wave of fear was led by ersatz-Republican pundit Kevin Phillips, whose columns and newsletters throughout the Reagan and Bush years reflected a most critical tone. Phillips articulated a supposedly populist Republican vision that was starkly anti-elite and pandered to the working middle-class. Notions of "economic Darwinism" and other supposed congenital sins of Republican blue-bloods were the grist of Phillips' grinding attacks. The rhetoric was intimidating. A paperback version of Phillips' 1990 book, *The Politics of Rich and Poor: Wealth and the American Electorate in the Reagan Aftermath*, contained the following epithet on its cover: "The rich got richer. Everyone else got squeezed. Even you."

Even some well-known "business leaders" have joined in the Republican-bashing. The most visible of these has been Ross Perot, who seems to exalt in lampooning the Republicans'

supposed mishandling of economic issues. Another card-carrying Republican and prominent business figure, Steve Forbes, led early and effective attacks on Bob Dole during the 1996 primary election campaigns. Forbes' attacks on the Republican establishment may have been even more influential than Perot's, simply because they came from someone who is clearly part of the Republican family.

In addition to exploiting these and other Republican image problems in economic matters, a faction of Democrats has shown skill in courting segments of America's business leadership, thus muting the Democrats' own anti-business image. Democratic flirtation with so-called "high-tech" industries best exemplifies this point. Almost before most Americans knew much about technology, there were the "Atari Democrats," a nascent group of young, up-and-coming Senators like Gary Hart of Colorado.

Nothing on the Republican side of the aisle came close to matching the imagery of promoting this new wave of industrial potential. Nothing does now, at least nationally. While some Republican governors and state pols, particularly in California, have made the high-tech connection, few Republicans in Washington and Congress are associated with perhaps the most important business trend of the era. Other than showing some visible support for Microsoft in the government's anti-trust litigation, only a handful of Washington Republicans fully embraces the new economy, from the internet to e-commerce. Even the sudden interest in Microsoft's plight is a double-edged sword, alienating many high-tech companies and computer users who applaud Microsoft's prosecution.

In short, the Democrats, soon to be led by supposed internet pioneer Al Gore, have done a good job of becoming more than competitive with Republicans in representing the newest and most glamorous slice of American commerce. Some informal surveys even suggest that a significant share of executives of the newer, high-tech companies identify with the Democrats, standing in sharp contrast to the executives of traditional corporate America who were overwhelmingly Republican.

The image of business today—even "big business"—is, of course, quite different from the negative perceptions so prevalent in the heyday of Phillips' populist protestations. While public opinion of business leaders and business careers declined precipitously in the 1970s and 1980s, this trend has bottomed out and even, at times, evidently reversed itself in the 1990s. Business is riding the economic expansion to new waves of popularity.

Today, trust and confidence in business leaders seem at or near a high-water mark for the second half of the twentieth century. The Harris organization's well-known time series measuring trust and confidence in American leaders shows that positive sentiment for business leaders is double today what it was ten or twenty years ago. Twenty-three percent of Americans told Harris researchers in January 1999 that they have a "great deal of confidence" in business leaders today. By comparison, as recently as November 1990 only 7% of Americans polled by Harris held that same positive sentiment toward business leaders.

Signs of business' rebounding image are also reflected in the career aspirations of today's youth. Contemporary undergraduates are seeking business degrees in higher numbers than any other curriculum. American Council on Education surveys of incoming freshmen show that plans to enter business careers—plans that became less probable in the 1980s—are once again gaining some luster, with the percentages higher than at any time since the 1970s.

The appeal and charisma of the business life is reflected in our media, too. Magazine newsstands are awash with new business publications. The business sections of many daily newspapers have been expanded and enhanced. Cable television offers a full range of business coverage. All of these media seem especially inclined to feature the new high-tech businesses of computing and the internet. As high-tech has transformed the economy, it has also served as a stimulus for new media.

The business media are also instrumental in putting a better face on business. Companies and industries compete to be featured not just in the Fortune 500, but also for high positions on *Fortune* magazine's list of "best places to work." Many big companies that were once accused of oppressing workers now shower employees with health care menu plans, stock options, daycare programs, telecommuting opportunities and other benefits unimaginable even as recently as the 1980s. In the words of one popular advertising campaign, business today is not your father's Oldsmobile.

Despite the undeniable transformation of business and its image, politics—especially Republican politics—hasn't quite gotten a handle on how all this can be turned to an electoral advantage. Too many Republicans still seem uncomfortable embracing an undeniably more popular business sector.

The failure of Republicans to firm up their image as the pro-business party is particularly confusing in light of the fact that members of Congress with business or banking backgrounds are overwhelmingly Republican. Of the 540 members of the 106th Congress, 159 or 29% come from business or banking occupations. By a 2-to-1 margin, these members with business backgrounds were elected as Republicans. The 1994 election in particular saw a huge jump in the number of Republicans elected from business occupations. In 1995, the US House had 116 Republican members from business occupations, and in 1997, this number jumped to 126. In the 105th Congress, 70% of the 181 members from business occupations were Republi-

cans. Seventy-six percent of the Senate's 55 business or banking occupation members were Republicans in 1997.

Despite these overwhelming numbers, Republicans haven't solidified their position as the party of and for business during the Clinton era. Why? Besides Republican reticence to be seen as pro-business, the executive branch, now headed by Clinton and the Democrats, always seems to get more credit or blame for things economic. And there are other reasons for Republican shortcomings in Congressional economic and business imagery. The many Republicans with business backgrounds have generally been more junior members and—except for small businessman Tom Delay—have held neither key nor visible leadership slots.

Another, more fundamental factor may account for the failure of the 1994 surge in Republican members to alter perceptions of GOP proficiency in handling the nation's economy. Even though there are scores of good business minds in the Republican majority in Congress, it is not clear that those minds have fashioned policies that either preserve or further boost our economy. There have been no significant tax cuts, economic development strategies, or creative strategies for curbing government waste and mismanagement. While Republicans have been downsizing, reengineering, reorganizing and otherwise making their companies more competitive, they haven't made—or haven't been allowed to make—much of a dent in the federal government since the go-go days of the Contract with America. Without bottom line results, voters may conclude that party makes little difference.

The bottom line today is that voters generally think Democrats can handle the economy as well as or better than the Republicans. It hasn't always been this way. Throughout much of the 1980s, voters felt that Republicans were better than Democrats on economic and business issues. But during most of the late 1990s, Republicans have lagged or trailed the Democrats by a wide margin on the question of which party can best handle the nation's economy. This is why Democrats, with some credibility, can say that our nation's current economic success accrues to their credit.

What steps must be taken to restore the Republican image for handling the economy? First and foremost, Republicans must have a pointed and clearly spelled-out economic message. This is easier said than done. Because various Republican factions, from old-line progressives to new-wave libertarians, have widely varying views on what should be done for the economy, the task of fashioning a party platform on economic issues will not be easy. But if the party spends as much time in the year ahead working on resolving these issues as is now spent on social and foreign policy issues, meaningful progress can be made. At the least, Republicans must agree upon the basic premise that economic and business issues are important and that they have neglected acting on these issues for a decade.

Further, Republicans must adopt pro-growth positions explicitly intended to promote business profits and economic opportunity for employees and shareholders. Republicans should send the libertarians who are reluctant to share this view back to their think tanks. Republicans cannot be afraid to be boosters for economic development. Most Republican governors and mayors understand this and are being positive forces for the economy in the individual states and communities. But too many Republicans in Congress seem oblivious to or even philosophically uncomfortable with economic strategies beyond tapping the corporate PACs for campaign contributions.

Adopting a pro-business agenda for the Republicans will require organizational skills. Building a Republican coalition will require the involvement of every type of business and business constituency. Big business will have to share the stage with small business. Managers will have to share influence with employees and shareholders. Traditional manufacturing and service industries will have to consider the needs of newer high-tech industries, too. Political leaders will have to extend full participation to leaders from the business sector in developing these policies.

As these policies are crafted, it is essential that Republicans develop economic strategies that have explicit connections to other policy arenas, including the social issues. Economic policy in isolation is not as powerful as it can be when linked to other issues. For example, there are and can be very tangible linkages between economic and educational progress. Republicans must connect these dots. Businesses are already doing interesting things in the education arena, from funding vouchers to chartering schools, from adopting schools to offering employees as supplementary faculty. There should be incentives to encourage more of these practices.

Polls continue to show, too, that voters believe considerable waste and mismanagement of tax dollars persist in the federal government. Americans see all that the private sector has done to become more productive, profitable and competitive and they wonder why the government can't seem to take the steps that most businesses have had to take.

A successful Republican economic strategy must also try to gain more credit for our nation's current economic success. The Reagan-Bush policies of the 1990s, including tax cuts and restraint of government growth, must be credited more fully for our present prosperity. If Republicans don't tell their story, they can expect the Democrats and the media to shortchange them when it comes to getting credit for today's booming economy. But if Republicans can get credit for the present, it becomes easier to ask for the right to manage our economy in the future.