

# THE HERITAGE LECTURES

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**A View From  
Outside the  
Beltway: Winning  
Policy Themes  
For The 1990's**

*By The Honorable  
Thomas H. Kean*



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# A View From Outside The Beltway: Winning Policy Themes For The 1990s

By The Honorable Thomas H. Kean

It is good to be back at The Heritage Foundation. It's been a few years since I have been here, and I must tell you that I will never forget my last visit. At the conclusion of my talk, I was presented with one of your lovely Heritage ties. As governor, I gathered quite a diverse collection of ties, and the Heritage tie was among my favorites.

But you all made it clear that this was no ordinary tie. In the event that I thought about raising taxes, I was told, it would tighten around my neck. Well, I tried it once and it worked.

And I must say that there are quite a few people in my state who want me to give that tie to the current governor. I can imagine the headlines: "Supply Side Tie Strangles Another Keynesian."

Seriously, it is a pleasure to be here again. I enjoyed the contact I had with Stuart Butler when I chaired Jack Kemp's Commission on Low-Income Housing. And, as you may also know, another Heritage analyst—Michael Johns—has now joined my staff as my special assistant.

I commend the work this foundation has done in support of the values and policies that have made the Reagan and Bush administrations such glowing successes. You have contributed positively to public policy discourse in this country.

When I think of Heritage, I think of that old E.F. Hutton saying. When Heritage talks, people listen. They listen because they know that you are not just reckless ideologues; you are creative and flexible enough to understand that politics is not always clear cut, but principled enough to know that policy must be based on ideas and on a clean cut philosophy. That is a winning combination.

**Complex Challenges.** Today, I want to talk to you about some policies and strategies that can move us still further ahead. I want to talk to you about how we—as ideological conservatives and/or political Republicans—should tackle some of the increasingly complex policy challenges that confront us.

This is a critical time for all of us involved in the public policy process. From an electoral point of view, it is important because we are less than a week away from off-year elections and just one year away from another presidential election. In that election, our past gains will be very much in jeopardy.

And from a public policy point of view, this is a critical time because we find ourselves facing several major questions: Should taxes be cut? How should we handle our nation's education crisis? How do we go about protecting our environment? How do we address the problems of rising health care costs? How do we empower our nation's poor? And what direction should we take in our nation's post-Cold War foreign policy?

These are important, I would say even vital, questions for our nation, and I would like to offer a few thoughts in the hope that we might develop some consensus on these matters as we enter this important political period. I realize this is covering more ground than the Redskins on a good day, but I know these issues are vital to everyone in the policy process. And they are vital to us as Americans.

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I would like to talk to you today about seven major challenges that I see confronting our nation.

## Education

Let me first address the crisis facing our nation's educational system. You may wonder why I mention this first among the many policy dilemmas that confront us. Well, there are two reasons.

First, I have long believed that a sound educational system is the foundation for economic growth, and even for the success of our very democracy. To be sure, there are many other components to a country's success. But without schools that prepare our youth for the challenges of tomorrow our nation will ultimately fail.

Indeed, our very liberty hangs in the balance. James Madison said it best: "the diffusion of knowledge is the only guardian of true liberty."

My interest in education is also personal. I used to be a teacher. I worked hard on school reform as a governor. And now I am a university president. You may also know that last July President Bush appointed me Chairman of the New American Schools Development Corporation (NASDC)—perhaps the most important component of his *America 2000* educational program.

Unlike many previous educational reform efforts, the New American Schools program does not ask even a dime from the public. It will be funded entirely by private corporations, foundations, and individuals. We hope to raise about \$200 million.

A few weeks ago the President called me and the rest of the New American Schools board to Camp David to discuss the project. We agreed that as we look for answers to the problems facing American schools, we need to set aside many of our preconceptions. So we will fund educational design teams that will be charged with coming up with new designs for new schools and new school systems. We are taking some of our nation's brightest problem solvers, and giving them the money they need to design new learning environments.

**Mold-Breaking Designs.** The central part of NASDC is nothing short of revolutionary. These schools will be strikingly different from those already in place. We will not fund anyone who proposes only incremental change, because we believe that kind of tinkering has failed. Instead, we are looking for mold-breaking designs with the understanding that we need substantive changes to reform our nation's educational system.

You may be thinking: our education system needs reform, but must we reinvent the wheel when we already know what works in education? Well, there is some truth in this—we know that involving parents in education, providing strong school leadership, and setting high expectations are all necessary for a good educational environment.

What we do not know is how to achieve these things where they do not already exist. New American Schools will seek the answers to this question.

At the same time, we must push ahead on other fronts to improve our nation's schools. One of these is national testing of students. I think you will agree that this makes sense; the only way to test if our educational system is improving or not is to develop some standard of measurement and accountability. I think the best way is a national exam administered periodically to all students.

And when parents find out how their schools are performing, they ought to be able to do something about it. So, we need public school choice.

I think the biggest myth in our nation's educational system is that we do not already have choice. We do, but it exists only for the rich—they can simply send their children to private schools. It seems logical

that poor and middle class children should also get this opportunity. We know that competition is good for business; my feeling is that it also will be good for education.

## **Promoting Economic Growth**

Let me turn to another issue: our nation's economy. As you know, our political success—and, in fact, the very future of our global competitiveness—rests on our ability to turn around our current economic stagnation. Yet, it is no secret that something is fundamentally adrift with our nation's economy.

I did not come here on Halloween to spook you with any dire forecasts. After all, those of you who follow economic trends know that they are cyclical: the bad news is that good times never last; the good news is that neither do the bad times.

But you and I know that this current economic period is more than cyclical fluctuation. There is blame to go around, and it seems to me that much of it lies with the tax-and-spend philosophy of many of those members of Congress down the road. They wrecked the American economy in the 1970s. The question now is whether we will let them do it again.

Let me share a solution. It is not a new one, and many of you are involved in trying to implement it: we need to turn back the tax and spend tide—and we need to do it now. You all remember what happened the last time this country had a major tax cut. We buried Jimmy Carter's stagflation and sent our nation's economy into the greatest and most prolonged expansion in memory.

The lesson of that era was simple: Reaganomics works. It worked then, and it can work now. It is still true that the best way to generate growth in a stagnant economy is to put money back in the pockets of taxpayers. The answer is not penalizing the rich; the answer is creating an economic environment in which all Americans—especially the working poor—can become rich.

We need to phase out capital gains taxes so that risktakers are rewarded, not penalized. We also need tax cuts for the poor and middle class. We need immediate relief for Americans who are over-taxed in an economy that is sluggish. These cuts must come on the federal level, and—as people of my own state will tell you—they also must come on the state level. And we also need to restore tax incentives that encourage charitable giving to private universities and other institutions that benefit the public good.

**Liberal Sabotage.** Let me say something in defense of our President. I know George Bush, and I know that he agrees with us on taxes. And now I think he realizes something else: his pro-growth agenda is being sabotaged by liberal Democrats in Congress. I introduced the President a few weeks back when he visited New Jersey, and he said something that I consider very simple, but very true: when liberals attack him for lacking a domestic policy agenda, what they really are saying is that the President's agenda is not their own agenda.

The President has a crime package; he has an economic vision; he has an environmental plan; and he has an education strategy. While George Bush has been one of our country's most insightful and successful foreign policy leaders perhaps of this century, he also has been a leader on almost every domestic issue facing America. Liberals just do not care to acknowledge that leadership.

So, remember something: George Bush needs you, and you need George Bush. As your Vice President suggested a few months back, George Bush can be to Ronald Reagan what Harry Truman was to Franklin Roosevelt: the man who consolidates the revolution. But now, more than ever, he needs our help to do this.

Take government spending as yet another example. Despite Ronald Reagan's tireless efforts to trim wasteful government spending and George Bush's own commitment to this agenda, Congress continues its pork barrel spending barrage.

**Congress's Shopping Spree.** Deficit or no deficit, some members of Congress continue to carry on like they are involved in some free shopping spree. They are running around the store so fast, they do not even take time to stop and think that someone—the taxpayer—is going to have to pay the bill. I was shocked, as I turned the pages of one of Heritage's recent reports, to see literally hundreds of millions of dollars of waste—in nearly every department of the federal government. I hope that every member of Congress will read that report, and then I hope they will look at the waste in their own institution.

Remember what Ronald Reagan said back in 1984: “the key to a dynamic decade is economic growth, and we might as well begin with common sense federal budgeting: government spending no more than it takes in.” Let me repeat that: government spending no more than it takes in. I ask you: Is this really too much to ask of our nation's lawmakers?

One further word on the economy. When it comes to our nation's trade, we can no longer fall to the protectionist temptation. I am sure that Richard Gephardt and his protectionist friends have America's interests at heart. No one questions that. But the key to economic growth is not closing our markets to other countries. It is opening and expanding American trade. This must be our objective.

No nation in the world can survive without imports from abroad. As much as we may hate to admit it, America is no exception. It does not follow that our nation's economy grows as we restrict imports. History has shown that the exact opposite is true.

Free and unfettered trade should always be our goal. In an increasingly global marketplace, our nation's economic health will depend directly on our ability to expand our trade with the rest of the world.

So I support the tireless work that President Bush and Carla Hills and others are doing for a Free Trade Zone with Mexico. And this movement should not stop with Mexico. Surely, there are nations in Latin America, in Asia, in Europe, and in Africa where we also should be arranging these zones. They will benefit America, and they will benefit our partners.

## **Changing The Way We Govern**

A third issue is making headlines again—the way our Congress works, or should I say the way it doesn't work. Here at Heritage, you have coined a phrase for it—“the Imperial Congress”—and I couldn't agree more with the arguments that you have been making.

It is not just an Imperial Congress; the institution is on the verge of becoming a circus. Americans—and who can blame them—can no longer take it seriously. There once was a time when Congress was a place where you would want to bring your children to watch democracy in action. No longer.

Let me state the problem simply: our Congress is out of control. You know this. President Bush knows this. The American people know it. And—as I look at Congress and talk to my friends who work there—I must say that even Congress itself is beginning to realize it.

How bad can it get when *The Wall Street Journal*—a deadly serious paper—calls Congress a howling asylum where criminals, debtors, and the rest are safe from arrest? And is it any wonder that standup comedians everywhere now make Congress the butt of almost every political joke?

And let me ask you: Why should we be surprised at this sudden, nationwide backlash against the legislative branch? Members of Congress bounce checks. They impose laws on Americans that they do not enforce on themselves. And, as those of us who watched the recent Thomas travesty or Congress's attempt to micromanage Ronald Reagan's foreign policy understand, they almost consistently overstep their traditional responsibilities under the Constitution.



What's more, with the benefits of incumbency, it is almost impossible today to unseat an incumbent member of Congress. They say school children have a riddle: name two differences between the Soviet Union and the United States. One, America has a Communist Party; and, two, in America our federal politicians serve for life.

**Limiting Congressional Terms.** And yet we still have not heeded the call for term limitations, an idea whose time has not just come, but has arrived like a Rambo rescue mission in the middle of a firefight.

As you know, we limit the terms our presidents can serve, and the fact that I come to you today as a university president and not a governor, testifies to the fact that we also limit the terms of governors. If I had not been forced to step down after eight years, my party would have made it extremely difficult for me to quit, even though I felt I had given it my all.

I know the arguments against term limitations; some of them are convincing. First, the argument goes, we are going to cut out good people from the institution. Well, if they are that good, it seems to me, we can elect them to another office.

The other argument is that limiting congressional terms will simply allow the bureaucracy to run wild. This is an even more convincing point, and, frankly, I think one answer might be term limitations on the bureaucracy. Why should they be any exception?

Let's get back to what Thomas Jefferson and James Madison thought democracy should be all about. Serving in government should not be a career; it should be an honor—a temporary diversion from a private career.

That career might be politics. But members of Congress who choose to make it a career should be forced, after a reasonable period of time, to move on to other elected offices.

## **The Environment**

There is another vital domestic issue we need to keep on page one of every conservative agenda: the environment.

Let me issue a warning—if you neglect this issue, if you surrender it to the far left, if you relegate it to the back of your policy files—you will hurt yourselves politically, you will leave the issue to be captured by extremists, and, worst of all, I believe you will allow the environment to suffer. Our environment needs the attention of all Americans.

Here at Heritage, I know you realize this. Your work on the environment—your effort to find a balance between protecting the environment and maintaining economic growth—has been valuable. You have raised important questions; you have offered solutions that deserve consideration.

And let's face it: the major issue is not whether we, as Republicans or conservatives, want a healthy, safe environment. Since Teddy Roosevelt's first forays into conservation there has not been a Republican or a conservative who does not want these things.

The issue is how we can balance what have been viewed, traditionally, as conflicting interests. The question is whether a free market economy is compatible with a pro-environmental agenda.

I believe it is. We do not have to look any further than the horrid pollution of East Bloc factories to realize that government management of industry is no solution. And, in fact, as governor of New Jersey, I found that some of the strongest pro-environmental leadership came from business leaders.

To be sure, there are some who do not care. But there are many, many private sector leaders who recognize the bottom line that our quality of life is linked to environmental protection.

I hope that policy makers will do their best to bring businessmen and environmentalists together to find common ground and common goals. We will not have a sound economy without a clean environment, and we will not have the tools to clean the environment without a sound economy. There also is a need for environmental education. I read a poll this past summer which said that eight out of ten Americans consider themselves environmentalists, yet fewer than half can remember a single incident in the past six months when they made a single decision on environmental grounds.

That contradiction is one of the reasons I recently accepted the Environmental Protection Agency's invitation to chair a new foundation that will fund new educational efforts on the environment. It is called the National Environmental Education and Training Foundation, and I know you will be hearing much more about our work in the months to come.

But as we approach the environment, let's keep one thing in mind. It is a quote from Solomon in the Bible, and those of you who heard my keynote address at the Republican Convention in 1988 will remember it.

It says: "One generation passeth away and another generation cometh: but the earth abideth forever." It is an eloquent defense of our concern over the environment—and something we must never forget.

## **Empowering the Poor**

As governor of New Jersey, I struggled with another domestic issue that is vital for the nation: empowering our poor. This has been another theme that you have worked on here at Heritage, and, again, I think your contribution has been worthy.

Let's face it: the culture of welfare invented by Franklin Roosevelt and expanded by Lyndon Johnson may have been well-intentioned, but it has failed America's poor. Put simply, we fought the war on poverty and poverty won. The poor have gotten poorer, and the cycle of poverty remains unbroken—despite decades of good will and billions of dollars in federal spending.

As I travel around Newark, Camden, and other inner-city areas, I hear poor people of my state crying out for a hand up, not simply a handout. They want a guarantee of opportunity, not a guarantee of outcome. They no longer look exclusively to liberals for answers to their problems. And why, given the liberals' failure to deal with the poverty crisis, should this surprise anyone?

A year ago Jack Kemp asked me to chair a special commission on low-income housing. We brought together a diverse group of experts on housing, and what they found was that over-regulation was one of the largest impediments to the poor in their bid for home ownership. We found that these regulations were adding up to 30 percent to the cost of a home.

Again, it reminded me of the truth of Ronald Reagan's message that government can be part of the problem or part of the solution. In the case of housing for our nation's poor, it has become part of the problem.

Of course, there are other steps we need to take to empower poor people and the areas in which they reside. For instance, we should continue our push for enterprise zones in these areas. By granting tax incentives for businesses to invest in poor inner cities, we can attract investment. And with investment and growth, we will see progress against poverty.

## **Reaching Out to Minorities**

I hope also that, as we seek to define a policy agenda for the 1990s, we can focus on reaching out to minorities. Minorities are already the majority in a number of American cities. They are the fastest growing segment of the population. And for too many years, the Grand Old Party—and conservatives—have neglected to send them an invitation. That has been a tragic mistake.



Condemning the likes of David Duke, for instance, may be an easy target, but it is a necessary one. There is no place for those sentiments in our movement. Conservatives and Republicans belong to the party of Lincoln, and we must recognize that we have a special obligation to weed out racism wherever it exists and to begin to correct our image in minority communities.

This means that we need to be creative. We need to listen and respond to the concerns of minorities. And when we do, we will find that their concerns are the concerns of most Americans: They want a neighborhood that is safe; they want a home they can afford; they want good schooling for their children; and they want an economic climate that offers them the opportunity to advance. They want solutions to the problems affecting their lives.

When I was running for governor of New Jersey, I often was told to stay out of minority areas—that I would only stir up opposition. I ignored that advice, and instead I spent considerable time in the minority areas of Camden, Newark, and other cities. I talked about solutions to the problems affecting these areas, and the result was that I received 60 percent of the state's black vote.

As conservatives, we can deliver answers to many of the problems affecting minorities, but we need to work much harder to sell our vision to blacks and Hispanics than we have to date.

### **Crafting a Post-Cold War Foreign Policy**

Allow me to offer some brief thoughts on one final topic. For me, it is a relatively new one: foreign policy. As a governor, I always had strong views on foreign policy, but I seldom was afforded the opportunity to express them.

Sometimes we forget that, as Americans, we are an extraordinary nation. I do not mean to boast, but rather to suggest that we are truly the only nation capable of altering world events almost wherever we choose. And almost consistently we have altered world events for the better.

I hesitate to think where the world would be today if Americans had not landed on Normandy, or if Americans had not held the line against Soviet expansion. It is not an exaggeration to say that our own liberty, and certainly that of the rest of the world, may have been lost. So pat yourselves on the back. As Americans, we have done the impossible. Several times this century we have literally saved the world.

That is no small feat.

And it isn't just the gigantic things we do that make us great. Sometimes it is the small things. Americans may know next to nothing about a country like Zimbabwe, but in the streets of that country's capital they look to America—not Europe, not Japan, not any other nation—for leadership and support for democratic principles. And I am proud that we usually answer the call.

This is one of the reasons that I have just joined the board of the National Endowment for Democracy. Tonight and tomorrow we will gather in Warrenton, Virginia, to discuss ways to advance the interests of freedom abroad. I can think of few issues that more warrant our attention.

And I am proud to tell you that I have just joined the Cuban American National Foundation's Commission on a Post-Castro Cuba. I know you join me in hoping that Fidel Castro's days as a dictator are numbered and that liberty may soon root itself in Havana. On this commission, I hope to make my own small contribution toward this objective.

I am excited about these new endeavors because, as I have looked at foreign policy and looked at the world, I have concluded that what works here in America generally works abroad. Freedom and free markets are the answer to a great many problems around the world. And when freedom advances

abroad, we Americans benefit, too. It is a testament to the success of our own system, and I believe it strengthens our system.

And let me say a word about our nation's defense. The Soviet Union may yet crumble, but let's not forget that the Communist Party still governs. I hope that Boris Yeltsin and other friends of liberty eventually prevail, and I think they will quite soon. But in the meantime, let's maintain our vigilance. Forty-five years of determination against communism—the Berlin Airlift, NATO, a strong national defense, support for democracies, and aid to freedom fighters from Angola to Nicaragua—is what has brought communism to its knees.

Now, let's win this battle decisively.

- ◆ ◆ To those of you who support the Afghan resistance, I say, carry on.
- ◆ ◆ To those who have supported Jonas Savimbi in his struggle against Soviet and Cuban imperialism, I say, let's press forward until democracy in Angola is consolidated.
- ◆ ◆ To those of you who are involved in helping bring freedom to the people of Cuba, I say, victory is nearly at hand. Now is the time to intensify, not diminish, your efforts.
- ◆ ◆ To those who are working for democratic change in the Soviet Union, I say, don't give up until you have done just that.
- ◆ ◆ And to those of you who support a strong defense, I ask, keep up your work. There is no greater obligation than protecting this nation from armed attack; that is why I support the Strategic Defense Initiative. As you know, we have no defense right now against nuclear missiles. We need such a defense—not just against Moscow, but against a Saddam Hussein or any madman who might seek to take out his vengeance on America.

We stand on the verge of an historic victory—at home and abroad. The values of individual liberty and free markets—the values we all have worked tirelessly to support—are winning converts from Moscow to Managua. With continued determination, I think we will make still further headway.

Now, I only hope these values will win some converts in Trenton and Albany.

