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With America:  
Implementing  
New Ideas  
In the U.S.

*By Jeffrey B. Gayner*



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# The Contract With America: Implementing New Ideas in the U.S.

By Jeffrey B. Gayner

Decades from now, historians quite likely will reflect back upon the Contract With America as one of the most significant developments in the political history of the United States. As Newt Gingrich, the first Republican Speaker of the House of Representatives in 40 years, has written: "there is no comparable congressional document in our two-hundred-year history."

Never before had so detailed a document become such an integral part of a congressional election campaign; never had so many innovative ideas been drafted into legislation so quickly; and never in the previous six decades had so much legislation been passed by the House of Representatives in less than 100 days after the newly elected Members of Congress took office. As the chief political columnist for *The New York Times*, R. W. Apple, wrote in a front page news analysis: "Perhaps not since the start of the New Deal [in 1932], to which many of the programs now under attack can trace their origins, has Congress moved with such speed on so many fronts."

The revolutionary character of the change represented by the Contract went beyond the U.S. House of Representatives. Not only did the 367 Republican candidates for the House of Representatives who signed the document run election campaigns based on its provisions, but many of the campaigns for the U.S. Senate, as well as state and local government races, also pivoted around the fundamental questions concerning the role of government in society as reflected in the Contract. In short, the Contract may come to symbolize the most profound change in the American political landscape in the last half century and, in many respects, determine the character of American government well into the 21st century.

## The Contract and the Conservatives

There has been a consistent growth of the role of the central government in the United States, or what you might call statism. This expansion of the government was never effectively challenged from the development of Franklin Roosevelt's New Deal beginning in 1933 until the 1960s. Only after the defeat of Richard Nixon in the presidential campaign of 1960 did conservatives in America begin to vigorously challenge the growth of the state; at that time, conservatives won control of the Republican Party. From this position, the conservatives developed fundamental criticisms of statist liberal policies which culminated in the nomination of Barry Goldwater for President in 1964. Although Senator Goldwater was badly defeated in that election, both the conservative ideals he championed and the cadre of workers he enlisted became the basis of the modern conservative political movement in the United States.

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Fortuitously, Senator Goldwater remained active in American politics through his final reelection to the United States Senate in 1980, the same year the second great transformation of American politics took place with the election of Ronald Reagan as President. It was then that conservatives learned two lessons about the role of the Presidency. On the one hand, the President can have a profound international impact through his policies, as reflected in the winning of the Cold War and, later, the war in the Persian Gulf. On the other hand, in the most fundamental area of the size and scope of government activities, the President could lead, but a Congress controlled by the opposition did not have to follow. Thus, liberal Congressmen often effectively thwarted President Reagan's actions. As they often noted, the President is only in office for four or at most eight years, whereas Congressmen remained in office often for decades, as did the huge staff support system they developed. This "permanent staff" eventually reached over 20,000 personnel on Capitol Hill.

Thus, the third leg of the conservative revolution in post-World War II America is represented by the Contract With America and the election of a clear conservative majority in the U.S. House of Representatives. This can become the defining moment in the transformation of the responsibility for government in the United States away from the central government and back to state and local governments or to the private sector, to families and individuals.

The changes being debated in America now can provide useful lessons and insights to democratic societies throughout the world dealing with social and economic problems similar to those confronting the United States.

In many respects, the changes are already profound. The Contract With America led to much more than a change of parties in the United States, leading instead to fundamental philosophical questions being raised about government in ways not contemplated for 60 years.

Perhaps the best way to address various aspects of the Contract With America, the ideas in and behind the Contract and its relation to the size and scope of government activities, is to answer three basic questions:

- ❶ **Why was it done?**
- ❷ **How was it done?**
- ❸ **What has become of the Contract and the ideas it embodied?**

### **Why was it done?**

Despite both the ascendancy of conservatives in the Republican Party and the election of Ronald Reagan as President, it became obvious that only a substantial change in the U.S. Congress could lead to the revolutionary transformation of America sought by conservatives for decades.

Many conservatives who came into Congress in the 1980 election and thereafter shared a much more dynamic vision of the role of conservatives in the Congress than did their predecessors. And among them, Congressman Gingrich consistently articulated his principal goal as the creation of a Republican majority in the House and the adoption of a very wide-ranging reform agenda.

In order to draw the attention of the public to the House of Representatives in the 1994 election, the Contract With America was created. The Contract provided the mechanism to move from vague political rhetoric to creating a specific political program. Through such a

program, one could clearly delineate to the general public the contrasting philosophies of government the 1994 election offered the electorate.

The Contract's lineage can be traced back to the 1980 election campaign when most of the Republican candidates for federal office similarly stood on the steps of the Capitol in early October of that year and promised to support tax cuts, a strong national defense, and reductions in federal spending. While the Republicans gained 33 seats in the House that year, the Democrats nonetheless maintained their majority, and only the first two of three agenda items were initially adopted; but several years later, even the tax cuts and defense spending increases were abandoned. Federal spending continued out of control throughout the 1980s.

The ideas in the Contract emerged from extensive interaction between the new, more aggressive conservative Congressmen and the emergence of an extensive network of conservative think tanks, such as The Heritage Foundation. In 1980, Heritage and other conservative think tanks initially focused attention on changing the government through a change in the executive branch, as reflected in our monumental study *Mandate for Leadership*.

But after 1980, the attention of conservatives increasingly focused on the Congress. Heritage, for example, published a study in cooperation with the Claremont Institute in California on *The Imperial Congress: Crisis in the Separation of Powers*, which was published in 1988. Five years later, a successor study from Heritage came out entitled *The Ruling Class: Inside the Imperial Congress*; 2.3 million copies of the later volume reached a wide audience. Both volumes drew attention to institutional problems within the Congress that were eventually addressed in the Contract With America.

And finally, Heritage developed a useful handbook, *Issues '94*, that provided specific legislative and policy recommendations for conservative candidates for Congress; many of these recommendations worked their way into detailed provisions of the Contract With America. In this manner, an extensive philosophical groundwork formed the intellectual foundation for the Contract With America when it formally appeared in the fall of 1994. Sound ideas thus became anchored into concrete policy recommendations.

### **How was it done?**

The Contract itself emerged publicly with the staging of the mass signing of the Contract on the steps of the U.S. Capitol by 367 candidates for office on September 27, 1994. On that day, all of these candidates publicly pledged: "If we break this Contract, throw us out." The Republicans who were already Members of the House of Representatives organized themselves into 11 working groups that eventually drafted ten bills that made up the Contract.

The items in the Contract were carefully selected in terms of issues that were of fundamental policy importance but also were "doable," that could be accomplished rather quickly because of the broad support they engendered. Extensive public opinion polling revealed that at least 60 percent of Americans supported all ten of the specific items in the Contract. By dealing initially with popular items, such as the Congress being governed by the same rules as all Americans, and broad philosophical concepts, such as balancing the federal budget, the Contract engendered popular momentum that could eventually lead to confronting more contentious issues, such as environmental regulations and Medicare and Medicaid reforms.

Politically, the Contract found a particularly receptive audience in the elections in the fall of 1994 because of a combined disenchantment with the existing Congress and the widespread view of a lack of leadership being provided by President Bill Clinton in the White

House. The Clinton campaign in 1992 had generated the expectation of great changes being made to deal with domestic problems. Moreover, the fact that Democrats in 1993 controlled both branches of the Congress together with the White House seemed to create the means for changes to take place by breaking the so-called partisan gridlock in Washington. But the failure to make substantive policy changes in 1993 and 1994 clearly facilitated the political changes in November 1994. Thus, the concept of the Contract found a particularly receptive audience.

## **What has become of the ideas embodied in the Contract?**

One of the revolutionary elements of the Contract is the fact that it actually was implemented as promised. Profound disillusionment within the American political system centered on the perception that politicians make promises only to be elected and then promptly abandon their pledges once safely ensconced in office. Thus, the first and most innovative idea reflected in the Contract required politicians to take their own promises seriously and actually implement them.

The idea of the first 100 days repeated, in a Republican Congress, what had been done by the most successful Democratic President in American history; in 1933, Franklin D. Roosevelt vigorously launched the New Deal in his first 100 days in office. The key difference between 1994 and 1932 was that Republicans only controlled the Congress while a Democrat, President Clinton, still remained in the White House. This has clearly limited both the speed and scope of changes.

The ten items in the Contract were all acted upon in the first 100 days of the new Congress, which is what the signatories had pledged. Nine of the ten items in the Contract passed the House: Only the constitutional amendment on term limits (which required a two-thirds vote) was defeated. Out of a total of 302 roll call votes on issues related to the Contract With America, the conservatives prevailed on 299 of them. A balanced budget amendment passed in the House by a 300-123 margin but was subsequently defeated as it fell one vote short of the two-thirds needed for passage in the U.S. Senate. The overall margin by which the items in the Contract were passed averaged about 70 percent despite the fact that the Republicans only held a 12-seat margin over the Democrats (52-48 percent, the smallest House majority margin in 40 years). Given the notorious lack of party discipline in the American Congress, the passage by a large majority of nearly all of the items in the Contract was a remarkable achievement.

The ten specific bills which made up the Contract contained numerous provisions addressing a wide range of issues. Other elements of the Contract dealt with fundamental institutional political reforms. Outlined here are a few of these ideas and their status today.

### **❶ Institutional Reform: Making Congress More Democratic**

Most dramatically, the new Congress immediately implemented long-sought reforms within the House of Representatives. In this one area where the new Republican majority had full authority, they effectively exercised it by dramatically changing the nature of the House of Representatives itself during their first day in office; they passed nine major reforms.

First, they made all the laws that applied to the rest of the country apply to Congress itself; this indicated that Congressmen should be treated like other citizens and not remain a privileged elite, often immune from the consequences of the very laws they imposed on the rest of the country.

This reflected the general conservative philosophical view in the Contract. As Speaker Gingrich writes in his book *To Renew America*: “We must replace our centralized, micro-managed, Washington-based bureaucracy with a dramatically decentralized system more appropriate to a continent-wide country... ‘Closer is better’ would be the rule of thumb for our decision making; less power in Washington and more back home, our consistent theme.”

#### ④ **Unleashing the American Economy: The Job Creation and Wage Enhancement Act**

This Act attempted to reverse the increasingly debilitating role of the federal government in the American economy. One of its major provisions that has passed both the House and Senate ended so-called unfunded mandates which require states and local communities to impose various regulations but do not provide them the money to carry them out. In this manner, Congress passed allegedly beneficial laws that were cost-free, at least to the federal government. But such laws had enormous destructive power on states, local communities, and businesses. It was estimated by the Congressional Budget Office that such regulations cost state and local government from \$8.9 billion to \$12.7 billion between 1983 and 1990 and that the costs were growing. Similarly, the federal government often imposed costly regulations on businesses that stifled economic expansion by companies.

The Job Creation and Wage Enhancement Act included a variety of tax law changes and reforms in federal bureaucratic procedures that would enhance private property rights and economic liberty. Specifically, it provided for a 50 percent capital gains rate cut, allowed small businesses to deduct the first \$25,000 worth of investment each year, reduced paperwork burdens on business by at least five percent, and required federal agencies to assess the risks and cost of each new regulation being imposed. Finally, the Contract provided for a Citizens Bill of Rights for anyone subject to investigation or inspection by a federal agency.

#### ⑤ **Non-statist Approaches to Social Problems: The Family Reinforcement Act**

This Act similarly sought to refocus attention on the family and away from the government as the source of solutions to social problems. Thus, the Act reinforced child support orders issued by courts requiring absent fathers to financially support their children and provided both a refundable tax credit of up to \$5,000 for families adopting a child and another tax credit of \$500 for families caring for a dependent elderly parent or grandparent. Rather than emphasize institutionally provided state care, this Act sought to get orphaned children into homes and encourage family care of relatives. Similarly, another element of the tax provisions of the Contract provided a \$500-per-child tax credit, which would mean that a family of four earning \$28,000 would have their tax burden cut by one-third.

Other provisions provided incentives for saving money to be used for college education or buying a home and for ending a tax benefit for couples who live together but do not get married. For example, a couple earning \$40,000 each will pay only \$6,633 each in taxes if filing returns separately; but on a joint return, their combined taxes will rise by \$1,285 to \$14,541, or about a 10 percent tax penalty for being legally married.

These proposals, as well as others, rested upon a fundamental philosophical principle, as stated in the book version of the Contract With America: “The American family is at the very heart of our society....After forty years of putting others first [we] will put families first....It is through the family that we learn values like responsibility, morality, commitment and faith.”

## ⑤ Other Items in the Contract

The remaining items in the Contract deal less with the role and nature of the state than with confronting specific legal and security issues. This includes dealing with the growing threat of crime in America, reforming the legal system, and improving the security of the country. They reflect the broad scope of the Contract but go beyond the scope of this lecture.

## Conclusion

The ideas espoused in the Contract With America represented the culmination of 30 years of creative conservative thinking dealing with the basic social and economic problems of modern America. The ideas provided the background for the widest range of legislative initiatives, certainly since the 1930s, and possibly at any time in American political history. The fundamental principle involves re-examining the role of the government in society.

Central government attempts to solve many problems have only made them worse; thus, the Contract With America represents specific practical steps that can be taken in a wide range of government activities to roll them back. Ultimately, the government should cease many of its activities; but what is necessary now is a realistic transitional mechanism to achieve that goal. The Contract With America provides precisely the kind of formula that can accomplish that objective.