

The Political Forum

*A review of social and political trends and events
impacting the world's financial markets*

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Bush's First 100 Days Portends "Status Quo" For Next Four Years

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There are two things upon which conservatives, liberals, Democrats and Republicans, all appear to agree in the proliferation of articles and political talk show "analyses" on George Bush's first 100 days in office.

o The first is that George Bush has no public "agenda" that clearly sets out his objectives and priorities for the upcoming four years.

o The second is that he is taking an unusually bi-partisan approach in his dealings with the Democratically controlled Congress.

Three things need to be said about these observations.

o The first is that they are true.

o The second is that they are integrally related.

o And the third is that within the framework of these related truths lie clear and important clues as to what to expect in George Bush's final 1361 days in office.

Let's begin with the agenda issue; or more particularly, with the question of why George Bush has not put forth a clear and comprehensive public schedule of priorities that would give the nation an idea as to where he wishes to lead us. The most common explanation is that this is simply a sign of the times; that the president cannot produce a comprehensive agenda of exciting things he wishes to accomplish because the treasury is empty and the nation is deeply in debt.

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Under this reasoning, the lack of an exciting roadmap for America's future is just another of the many prices the American public must pay for the horrendous buildup of debt during the past eight years. Our destiny is not as strongly in our own hands as it was when we were net lenders. Therefore, it is much more difficult for anyone, including the President of the United States, to dictate a course for the nation with any assurance that he can follow it. We can't have a realistic agenda -- therefore we have no agenda, the argument goes.

There is, of course, some truth to this. Indeed, Bush himself admitted during his inaugural address that his hands were tied by the lack funds. But the real reason Bush has not gone to the public with a dramatic, action-oriented blueprint for solving the nation's problems, along with a cry for action and a plea for support to push it through Congress, is that this simply isn't his style.

This, of course, brings us to the second observation most people are making about his first 100 days in office: that his style of governing is one of compromise; that he pursues bipartisan solutions whenever possible; that he is uncomfortable with confrontation. The practical result of all this is that the nation now has a president whose style will be to work quietly behind the scenes within the context of traditional governmental processes and not try to force Congress to bite bullets they would prefer to eschew.

Bush is a man who generally trusts government and politicians. These are his friends. He is one of them. He has spent much of his life immersed in the politician's trade. He is deeply uncomfortable with the idea of confronting the Washington establishment that he knows so well with an open public agenda and then attempting to force them to accept it by using the power of his office to rally public support. He will work behind the scenes with his friends to solve problems and to develop consensus policy. And therein lies the key to the Bush presidency.

To understand just how significant this leadership style is to the future course of the nation one needs to appreciate a very important truth about Washington. That is that, like the mythical efficient market, at any given moment the allocation of federal expenditures and the distribution of the tax burden it takes to finance these expenditures is a perfect representation of the relative power of various interest groups that populate the city.

It is no cosmic accident that the Pentagon accounts for 27% of all federal outlays and food stamps for 3%; or that individuals account for 44% of the tax burden and corporations for 10 %. These relationships are the result of continuing, ferocious, trench warfare between some of the best-educated and most talented fiscal gladiators that the world has ever known.

Small changes in these relationships take place regularly as a result of shifts in public attitudes or improved tactics on the part of a given interest group. These changes are usually slow and somewhat predictable. Dramatic, sudden shifts are rare and usually occur as a result of some cataclysmic outside event like Pearl Harbor, the Russian launching of Sputnik, or a recession.

Occasionally, a president can force significant shifts in spending and taxing priorities through sheer will and determination. Lyndon Johnson did this via his Great Society program and his dogged commitment to wage war in Vietnam. President Reagan's efforts to lower taxes and shift spending priorities in favor of the military are another example.

These types of significant presidential-led changes are not brought on by compromisers. They are forced on the nation by persons with strong beliefs and exceptional determination. George Bush's apparent unwillingness to try to impose his will on the federal establishment, to shift the nation's priorities through sheer grit, means basically that the nation's spending and taxing patterns four years from now will be largely unchanged, unless an external event gives the president and the Congress no choice in the matter.

Of course, as I said earlier, there will be small changes. Bush and his friends in Congress will negotiate these with the many interest groups that populate Washington in response to shifts in public demands and attitudes. We will spend a little more on the environment, on day care for children of working mothers, on health care for the elderly. And we will spend a little less on the military and will tax everyone a little more.

Those who think the status quo will change significantly on its own, under the auspices of simple logic, should pay close attention to the negotiations currently going on in Congress over a proposed \$1 billion (\$1 billion mind you not two or even five, but just \$1 billion) cut in defense spending during the current fiscal year as part of a plan to spend a little more on housing, the homeless and the war on drugs. Defense Secretary Dick Cheney said the proposal would do "enormous damage" to the military and, of course, it was defeated. Certainly no one wants to do "enormous damage" to the military.

During the same week, however, Secretary Cheney outlined plans to cut \$10 billion from President Reagan's proposed fiscal 1990 defense expenditure levels via cuts in several major weapons systems. Houses Democrats (Democrats mind you, not Republicans) about had apoplexy, including House Armed Services committee chairman Les Aspin of Wisconsin, who said he thought Cheney "is in real trouble" with his proposed cuts. New York Democrat Rep. George J. Hochbrueckner charged that Cheney was "putting Grumman out of business."

The message, as I said earlier, is that it takes a real guano kicker in the White House to make major changes in the nation's priorities and guano kickers get their topsiders dirty, which Bush isn't about to do. So the next four years are fairly clear, unless an outside force upsets the apple cart. No monumental shifts in governmental spending patterns, no major changes in tax policy, and no large cuts in the fiscal deficit can be expected.

The future, in fact, can be summed up in two words. They are "status quo." And, as my friend Bob Feinberg has pointed out recently in his observations on banking legislation, Ronald Reagan used to define status quo as "Latin for the mess we're in."

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