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# Wrestling with the Future: Lessons for Conservatives from the 1998 Elections

Kate O'Beirne

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At the Heritage Foundation, O'Beirne served as deputy director of domestic policy studies (supervising studies of health care, welfare, education, and housing) and as vice president of government relations. She is a longtime member of the Center of the American Experiment Board of Advisers.

Her speech, on December 3, 1998, was part of an ongoing series of American Experiment programs on the future of the conservative movement. Among the previous speakers in this series have been Vin Weber in 1992, Michael Novak in 1993, Bill Kristol in 1995, Fred Barnes in 1997, and David Brooks in 1998.

**W**hat happened in November? Over the past four years, conservative fortunes have declined to the extent that they are identified with those of the Republicans in Washington. You can't explain the disappointing results in November 1998 without looking back to 1994. Remember the old days of the Republican Revolution?

There's still a misunderstanding about what actually happened in November 1994, when House Republicans picked up fifty-two seats and took control of the House for the first time in forty years. There was no mandate for dramatic change in that election. It was a rejection of Democratic governance. The public was annoyed with

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Bill Clinton; they felt he had been elected under false colors.

In 1992, the voters were annoyed with George Bush—a good, decent man, but unfortunately he fell out of favor with the American public. When George Bush lost in 1992, the Republicans picked up seats despite his loss. It seemed to me to be a peculiar sort of frustration-with-George Bush vote, but the voters also thought they were getting a New Democrat in this young governor from Arkansas.

By November 1994, Clinton didn't look much like a New Democrat. He looked like a liberal, and Americans don't elect liberals to the presidency. He had tried to foist a huge government scheme in the area of health care. He had endorsed gays in the military, thereby drawing attention to a breach between himself and the senior military leadership. He had appointed Jocelyn Elders, who had become very controversial, to be surgeon general. The crime bill—which ultimately passed in the fall of 1994—painted him as a liberal. Remember all the criticisms about pork spending and dance lessons for criminals? Opponents had fun making fun of it. He had passed a tax increase, and Washington was looking at deficits as far as the eye could see.

Only 43 percent of the public approved of Bill Clinton by November 1994; 60 percent said in polls that they wanted fewer services and lower taxes. Clinton was not on the ballot, of course, but the national trend clearly favored Republicans—the alternative

party—and 75 percent of the open seats in Congress went Republican.

It was not an election based on the merits of the Contract with America. There was no mandate for fundamental change. The Contract with America wasn't an advantage until the following January, when it proved to be an important organizational tool for Republicans. They were surprised themselves that they had taken the House after being in the wilderness for so long, and the Contract with America gave them an agenda that forced them to take the reins of leadership and start moving bills. It had not played a very large role in November. At that point, the Republicans were on probation. The public knew they weren't Democrats and that they weren't going to be liberal. They were elected simply because they weren't Democrats.

They also weren't of one mind. There were then and remain now critical divisions among Republicans that have stalled an agenda. There is a Republican majority on Capitol Hill, but it is not a conservative majority—not operationally, not yet. The Contract with America implied a GOP consensus that doesn't really exist. There are intramural fights that still have to be fought, from tort reform to health care reform, environmental policy, and tax policy. To mask these real differences on the Republican side of the aisle, the GOP agenda was reduced to the lowest common denominator, the one thing all Republicans could agree on: a balanced budget.

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## Balancing the Budget

Conservatives invariably endorsed a balanced budget as a proxy for reducing government: If this is how we are finally going to start cutting government, fine—we too are on board to eliminate the deficit. More liberal Republicans, of course, wanted to balance the budget as a matter of fiscal discipline. Both liberals and conservative Republicans and Democrats by 1994 had been spooked by Ross Perot, who had made deficits a big issue, and by the Concord Coalition. The single agenda item they rallied around was eliminating the deficit. This meant, unfortunately, having to rein in Medicare spending.

That, of course, became the overreach that Republicans committed. They didn't only target unpopular programs, of which there are plenty at the federal level. What they did decide to do in the interest of reaching their goal of a zero deficit was to attack the Democrats' reinforced machine gun position—Medicare. What could be simpler for the Democrats than a slogan, right? Save Medicare, vote Democratic. But the die was cast, and that is where Republicans were headed.

Bill Clinton adjusted far faster to a Republican Congress than the Republicans themselves did. He had mistakenly defined himself as a liberal and had paid a heavy price for doing so. Now he was able to redefine himself in relation to these new people running Capitol Hill, and he did it very effectively. Triumphant Republicans foolishly declared the president irrelevant, fatally underestimating his breathtak-

ing ability to adjust, his resiliency, and his great political reflexes. He is a terrific politician.

The public supported the balanced-budget goal. The Republicans had endorsed it. Congressional Democrats were still fighting it, fearing the effect it would have on some of their favorite programs. The Republicans convinced themselves that Clinton couldn't possibly turn on his Democratic colleagues on Capitol Hill and get on board this agenda. In fact, he was perfectly capable of doing so, and along came the evil genius Dick Morris to advise him. Morris told the president that as long as the Republicans had an exclusive franchise as budget balancers, they could justify any cuts they wished; they could argue for savings in Medicare, Medicaid, college scholarships—unfortunate but necessary, in the public's view, to balance the budget.

On the other hand, Morris told the president, these cuts would be politically unforgivable if the budget could be balanced by other spending reductions that did not sacrifice our so-called core values. So by mid-1995, the president had endorsed the balanced budget, thereby turning on the Republicans with a vengeance. He said he could balance the budget without touching Medicare, Medicaid, the environment, or education.

So why were the Republicans going after those programs? the public asked.

Out of pure mean-spiritedness, said the Democrats. We are able to achieve the same goal without touching any of those things.

The congressional Democrats fell

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into line as a matter of political survival, and the theme was set for the next couple of years: Protect Medicare, the environment, and education. The Republicans are using the budget as an opportunity to destroy those programs. We can balance the budget painlessly.

So who do you suppose wins? The party asking for tough choices about popular programs, or the guy who claims to be able to do it painlessly? The seducer wins, right? Republicans had then lost their franchise on the balanced budget, and they had no language with which to sell limited government because for two years they had made the size of the deficit the be-all and the end-all. They had abandoned arguments about the size of government.

Conservatives should recognize that the balanced-budget fight was lost to the extent that we now live in a world of balanced-budget liberalism. We have a zero deficit. We even have a sort of phony surplus on the books—and guess what? We are able to have a zero deficit with historically high levels of federal spending. That is something the Republicans hadn't anticipated. We have a record high tax burden. Federal spending has increased from \$1.4 trillion when Republicans took the House to over \$1.7 trillion now. The median family pays 40 percent of its income in taxes. But we have no deficit.

Zero deficit has become a Republican straitjacket. With the huge tax revenues this good economy is throwing off, we can now afford all sorts of new programs, but it is so important not to put Washington back in the red ink that we can't have any significant tax breaks.

## The New Democrats

A corollary problem to the balanced-budget liberalism environment that Washington finds itself in is this: How do Republicans deal with the New Democrats, the effective clothing Bill Clinton has now donned? I think we do have to admit that, over the years, many conservative gains were attributable to the excesses of liberalism. Back to the sixties. Remember amnesty, acid, and abortion? The party was soft on communism, crime, and welfare, and as a result, conservatives enjoyed a lot of policy victories.

Again, we go back to Dick Morris. He spotted how liberals had advanced conservative ends by being too liberal, and he lectured his apt pupil in the White House about how to deal with Republicans by not making things so easy for them. What did Morris say to the president? If you raise taxes, go soft on crime, oppose work for welfare, or weaken the military—if you wander into the Republicans' line of fire—they are going to kill you every time. But they have no other game plan.

Morris was exactly right. In the absence of Democrats who are willing to cooperate by making any of those fatal mistakes, the Republicans have a difficult time getting traction. All of a sudden they realize it is not enough to be against something a liberal Democrat is proposing. They need an affirmative agenda of their own. Congressional Republicans have not yet figured out what that agenda ought to be.

Bill Clinton has put a new face on the Democrats, at least superficially,

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and is relegitimizing government in the mind of the middle class. He is not defending a liberal welfare state. He is not advocating raising taxes. He favors the death penalty. He is speaking straight to the middle class, who have had an antipathy to the federal government, about investing in their children. That is very appealing to middle-class voters. They are beginning to wonder if maybe they have misjudged the federal government—maybe there are things the federal government can do to help their communities after all.

What the GOP has to do, in the face of an agenda relegitimizing the role of government, is to delegitimize government, to remind people of what government has wrought and the ruinous effect of government policies. The Republicans have done very little of this. There have not been oversight hearings with businesspeople and property rights people about victims of the overreach of the federal government.

The Democrats built up this huge behemoth in Washington over the years by bringing in victims to testify. They brought in people whose needs were not being met and invariably designed federal programs to answer the perceived needs. Republicans could profitably spend their time bringing in victims of government overreach and see if they can't start whittling away government based on the ruinous effects it has had.

Why not talk about race and gender preferences, the hideous spoils system enforced by the government? Twice now—in California and in Washington

State—voters got a chance to pass judgment on race and gender preferences, and they overwhelmingly voted to eliminate them. Our own government's categorizing us by race and handing out benefits by race has an insidious effect on all of us getting along. We are Americans first.

As the party of education, the Democrats should be the party of education consumers, but it is pretty clear that they are the party of education providers. Republicans have a big challenge with respect to trying to get a piece of this issue that now benefits Democrats. I don't know that education is ever going to be an issue that benefits Republicans, but they could be far more creative than they have been in having answers to education consumers' very real questions.

Republicans unfortunately have lost the tax issue. A week before the election, a CBS–New York Times poll asked which party was more apt to cut taxes. Neither, the public said—a pretty smart judgment, it seems to me. Republicans have to recognize that it is no longer enough to talk about wanting to cut taxes. There is a great deal of cynicism on the part of a weary public that never quite seems to realize these tax cuts Republicans keep talking about.

Finally, of course, is there a more critical area for congressional Republicans to turn their attention to than foreign policy and the incredible neglect on the defense side? The heads of all the armed services are testifying on Capitol Hill about the poor state of readiness our forces are in. And we have an incoherent foreign policy that

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puts our troops at risk, given Bill Clinton's propensity to commit troops with little planning on the mission to be accomplished, when the mission might be over, and when our troops might come home. The key responsibility of government is providing for national defense. This administration has not been doing that properly, and it is an area that Republicans talk about too infrequently.

## The 1996 Surrender

The Republicans still did okay in 1996 with Bob Dole at the top of the ticket. In spite of the big loss at the presidential level, they kept the House and actually picked up seats in the Senate—not a bad result given the reelection of Bill Clinton. They had survived a relentless yearlong attack, paid for by illegal campaign contributions, yet they came back after the 1996 elections not feeling victorious, and that has been their state of mind ever since. Republicans who were reelected despite the incredible attack from the Democrats seemed unbeaten, but bowed, and they became risk-averse. You still see that sort of attitude now, and it certainly was not helped by the 1998 election.

They were remarkably shaken by Bob Dole's losing to Bill Clinton. I can't quite figure out why. It is not that they ever really thought Bob Dole was such a fantastic national candidate. He is a good, decent man, but he was not exactly being held in reserve until the Republicans had a tough race on their hands.

Too many Republicans were compla-

cent about running Dole because they assumed that it was only a matter of time before Clinton was going to self-destruct, that the scandals eventually would catch up with him, that it was only a matter of time before the public caught on. That was a substitute for an attractive, aggressive agenda. Two years later, it doesn't look any more likely to happen than it did back then.

Dole's loss was unfortunate for the Republicans at the national level, but 54 percent of voters voted for Republicans for Congress. Still, they were in a mood to surrender to what they now saw as Bill Clinton's supernatural powers of communication: Regardless of what we say, he is somehow going to make the issue work for him and win. They thought the best course was to stop fighting about balanced budgets and program cuts and taxes and sign on to a bipartisan budget deal with Clinton. It was a very costly budget deal.

Within a few short years, revolutionary Republicans who were going to dramatically reduce the size of government were signing on to a budget \$79 billion higher than the budget on which Clinton had campaigned for reelection. The 1997 budget deal included the biggest increase in social spending in thirty years. The tax cut was less than 1 percent of revenues over the following five years. On the policy front, it was a costly deal.

It was costly politically, too. By signing off on a so-called balanced budget that spent huge sums of new monies, the Republicans were complicit in phony deficit reduction, and they per-

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mitted Clinton and his fellow Democrats to be recast as fiscally responsible. Remember what Congressman Charlie Rangel of New York announced following the 1997 budget deal: We have shattered the myth of tax-and-spend liberals. Republicans had given Democrats cover for this phony, big-government balanced-budget deal.

## Defection of the High Earners

Come 1998, the Republicans still had not regained their policy initiative. They were still thinking that Bill Clinton had all but supernatural powers of persuasion, and they were enormously frustrated that the scandals had not yet been fatal to him. They made the critical mistake that John Kasich calls the Curse of Lewinsky: feeling that finally a scandal had come along that definitely was going to take out Clinton, and therefore the Republicans didn't have to do very much. They also felt they didn't have to do very much for a base dispirited by the budget deal and the disappointing policy agenda. They felt that their base so disliked Clinton that they were going to come out and vote anyway, so they didn't have to offer very much on the policy side. They were proven wrong, of course.

In November 1998, 2 million fewer Republicans voted than had voted in 1994. But when your guy is under attack, you circle the wagons. It's the same thing that makes Newt Gingrich a great fund-raiser among the Republican base: his supporters see their guy being attacked and they rally to him.

Democrats rallied to Bill Clinton far more than Republicans turned out to express their disapproval. The Republicans also lost Christian conservative voters. A third of Christian conservative voters voted Democratic this time. Democrats are wising up and running socially conservative candidates where it is helpful to them. Pro-life Democrats were elected to open seats in Illinois, Mississippi, and Kentucky.

Most importantly, guess who defected from the Republicans, and understandably so? Support for Republicans among voters making more than \$75,000 fell by eight points. Among those making more than \$100,000, there was a ten-point drop since 1994. Republicans still carry higher-income voters, but those are dramatic drops.

These higher-income voters make up 24 percent of the electorate, and they clearly credited Clinton with the strong economy. The Republicans permitted this economy to become the Clinton economy. In 1994, three-quarters of those who thought Clinton was doing a good job voted Democratic. That is to be expected. The difference in 1998 was that 55 percent of voters approved of the president's job performance, compared to 44 percent in 1994. These more affluent voters can be forgiven for not expecting Republicans to cut their taxes since almost every proposed tax cut is means tested to exclude anybody making more than \$75,000.

This is my attempt to explain some of the mistakes the Republicans have made in the past, the state they cur-

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rently find themselves in, and the enormous challenge they face in this environment of New Democrats. I anticipate that Al Gore also will try to present himself as a New Democrat and will avoid the liberal excesses that make Republicans' jobs all too easy.

The challenge for Republicans is to have an affirmative, attractive policy agenda to contrast with that of the New Democrats. Unfortunately, the triumphant declaration of 1994, when Republicans took the House, has been replaced, for the moment, by a battle-weary, risk-adverse, ideologically insecure congressional party's new motto: *Veni, vidi, Velcro*. We came, we saw, and we are trying to stick around.

Following her talk, Kate O'Beirne took questions from her audience, including American Experiment president Mitch Pearlstein and former Minnesota congressman Tim Penny, now an adviser to Governor Jesse Ventura.

Charles Hann: Your explanation of what took place is well taken. My question is why it happened. Is the Republican leadership as inept as it seems to be, or is there another explanation?

Kate O'Beirne: In fairness to the Republican leadership, they were not alone in underestimating Bill Clinton. He took an enormous blow in November 1994. On his watch, his party lost Congress for the first time in forty years. One reasonably could have expected that that would have had him reeling for some time. It didn't. He is enormously adept at adjustment, and

he adjusted to what had just happened far faster than Republicans did to controlling Congress for the first time.

We were all told about his political skills, but there is always this aw-come-on feeling. He was a governor from a backwater state, a one-party state. Can he really be that good among national politicians? Well, yes, as a politician he is that good.

The Republicans also misread the Democrats' willingness to hold on to power at almost any cost. They felt that the Charlie Rangel and the Dick Gephardt could never endorse the goal of a balanced budget, that the inability of the congressional Democrats to go along with the balanced budget was going to tie the president's hands. But this president has proven willing to betray people far closer to him than congressional Democrats, and the Democrats have gone along with it. Having lost the House and the Senate, they are smart enough to realize that it is not a time to be fighting with the Democrat in the White House.

That probably wouldn't have happened on the Republican side. You would have Republicans who still wouldn't have endorsed something that so contradicted what they believed in just to hold on to power.

Very often you attribute your own motives and M.O. to the other guy. That is a mistake. Democrats really think quite differently than Republicans do. Democrats need to be in government to survive. The Democratic base depends upon their political benefactors—the trial lawyers, the unions,

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all the grantees who are funded by government—being in power. They need to remain in power badly enough that they are far more flexible than Republicans give them credit for being.

Mistakes were made, but the Republican leadership was in pretty good company in making some of those miscalculations.

Paul Lysen: How could the role of the national media in lionizing Clinton and demonizing Republicans be effectively countered?

Kate O'Beirne: A liberal media is always a problem for conservatives and Republicans trying to make their case. Sometimes we make it too much of a problem.

Ronald Reagan confronted a liberal media too. When he started appearing on the national scene, as far as the liberal media was concerned, he was a dangerous idiot. The public got a good look at him and said, We don't think so. The media were always hostile to Reagan, and most of them still are convinced that he was glib and worked some sort of alchemy on the public. They never have been willing to give him the credit he deserves. With a compelling message and an attractive messenger—no small thing—you can break through those media biases.

The media are far more competitive now. The monopoly that the big three television networks had as recently as the Reagan years is gone. People get their information from all sorts of different places; it is actually a far better environment for conservatives in that respect. Too often Republicans use the

media as an excuse for why they are not doing better when, in fact, they don't have much of a message. A compelling enough message won't be ignored.

Cortes DeRussy: I share your view that the American people are essentially conservative and, given the opportunity, will respond. What's needed, it seems to me, is a strong, attractive, articulate voice—another Reagan, if you will. Do you see any such person on the horizon? Does it come in the Bob Livingstons of the world or the Ward Connerlys? Where under this Republican umbrella, if that is where we have to be, do we find some leadership?

Kate O'Beirne: There are a number of people at the national level who do a credible job as attractive, likable spokesmen for conservative causes. We don't have enough of them, and it is always a problem trying to do it from Congress because of the cacophony of voices. This is something Republicans have learned. Newt Gingrich actually believed he could govern from Congress. You can't. What the Democrats learned over forty years was that you can change the rules to ensure yourself a majority, but you can't govern from Congress.

We have some attractive presidential candidates who will soon be getting more national attention. George Bush in Texas is an attractive candidate. I think John McCain of Arizona is going to run; he is attractive and likable and does a good job on TV, which does matter. We can all wish it weren't so, but it is not a completely superficial ability to be attractive and likable on television. Happily, Al Gore isn't par-

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ticularly good on television, and at some level, the Democrats recognize that. Bill Clinton is a likable individual. I don't like him, but objectively I can see that he is. Al Gore is not. I like Steve Forbes. John Ashcroft from Missouri is an experienced governor.

Republicans shouldn't postpone doing things, but it will be easier when there are presidential candidates who are out competing for votes and making their case as a counterweight to Bill Clinton's monopoly.

Tim Penny: I appreciate and agree with your observation about the congressional Republicans' motto. Here in Minnesota, it's *Veni, vidi, Ventura*: We came, we saw, we voted for Jesse Ventura. What can you tell us about Washington's view of what we have done here?

Kate O'Beirne: You have really frightened Washington. They don't do well at all with the unexpected.

Look at the effect Ross Perot had on Washington—and in some respects he was not as interesting or attractive a candidate as even Jesse Ventura was. What did Perot do? Washington was completely ignoring the issue of the balanced budget. Some green eyeshade types, maybe some Concord Coalition types, would mumble about it. Then Perot popularized it in 1992, and boy, did they fall in line pretty darn quick because they were so spooked by the support Perot had. He did the same with campaign finance reform. It was talked about but never acted upon in Washington until he started carrying on about it.

Because they are so nervous so

often, an outside figure like a Ross Perot or a Jesse Ventura has the ability to catch their attention and tell them something is going on out here: People are responding to something that they are not paying enough attention to. They might react in all sorts of inappropriate ways, but it has caught their attention.

Republicans and Democrats can't agree on much, but they can agree that they don't like this third-party phenomenon. I grew up in New York with a third party, the Conservative Party, on the ballot. New York permits cross endorsements: a candidate running statewide can appear on more than one line, and over time that wound up being how the Conservative Party brought the Rockefeller Republican Party farther to the right. They ran Conservative candidates against Republican candidates, thereby acting as spoilers and defeating Republicans until the Republican establishment started going to Conservatives and saying, What do we have to do to get your endorsement?

Tom Prichard: It seems like the terms of debate have moved to the right even though the parties are in a state of flux. Could you talk about this shift?

Kate O'Beirne: I do believe there has been a shift, and it is evidenced by the fact that Bill Clinton is now a New Democrat. The public is broadly conservative in its sentiments about public policy. They wanted welfare reformed. They want somebody tough on crime. They want taxes cut. Too few Republicans, it seems to me, talk enough about

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tax burdens.

Look at our Republican governors. The media have recast them as middle-of-the-road pragmatists. But go look at the news clips about John Engler in Michigan when he was first elected. He eliminated the state welfare program for able-bodied adults. He was demonized, even on the national news.

They have been pretty conservative, those governors. Many of them have cut taxes. They have been tough on welfare. Many of them have signed partial-birth abortion bans. And they are all reelected. There is no evidence in the 1998 election that social conservative issues cost the Republicans. Jeb Bush and George W. Bush both were elected overwhelmingly as social conservative, economic conservative Republicans. The Democrats are beginning to recognize that those issues have potential for them and they shouldn't be writing off those voters.

Penny Steele [a Hennepin County commissioner]: Jesse Ventura's rhetoric was tougher than ours on less government. It was an antigovernment, almost completely un-Minnesota campaign. They talked about sliding-fee child care, and he said why not abolish it. No Republican would ever do that. A Republican would be called cruel, but there is Jesse Ventura talking about small government and letting families do things.

But my question is this: I hear that the Republicans want to cut the federal Department of Education, that we hate education. But we never talk about the surcharge to federalize pro-

grams or make the case for keeping tax dollars at the local level. Why don't we do that more?

Mitch Pearlstein: This is an area I too wanted to pursue. Kate, you didn't talk about the 1995 government shutdown. When Bill Kristol was here shortly after, or shortly before, the shutdown, he talked about how Republicans had overreached in sounding too antigovernment.

You made the point before about the need for conservatives to delegitimize government. You didn't mean that in the absolute sense; the question is how to strike the right balance. Talking about cutting back on government, doing it for good reasons, making it sound rhetorically attractive—that simply isn't being done terrifically well. Republicans took it in the chops when they were seen as the ones responsible for shutting down the government.

Kate O'Beirne: The way the media played the shutdown was this: The Republicans want to eliminate the federal government.

In fact, they were promoting a budget that increased spending \$300 billion. It was just unbelievable how they got caught in that bind. I knew it was the beginning of the end when two days into the first shutdown, the network news was reporting that this nice couple, both white-collar government employees, which meant that they had to be paid a living wage, were not going to be buying a Christmas tree that year because the government had been closed. I thought, Oh, oh, buckle your seat belts. The media are going to play

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into this phony baloney notion.

The Republicans say things like “Let’s eliminate the Department of Education.” The second half of the sentence, of course, is “and send the money back to the states.” People hear only the first half, though. You and I know the meddling role the Department of Education plays, but it stands as a symbol of Washington’s commitment to education.

They ought to invert the sentence: We are going to take \$3 billion from these 1970s programs for elementary and secondary education and give it straight back to the states and let people decide how to spend it in their own communities.

Well, won’t that have the effect of pretty much closing down the Department of Education?

It will have the effect of putting money in the hands of parents and local school boards.

They are learning this slowly. They are still spooked, though, by the school lunch phenomenon: they’re starving schoolchildren, that kind of stuff. Republicans go around with guilty consciences, unfortunately. They don’t defend themselves very well. I’m afraid that is why some of these outrageous charges stick.

You wouldn’t make such a ridiculous charge against somebody who seemed like a more likable person with some humor. Republicans always act sort of guilty, like they’ve been caught at something. They let themselves look like the kind of people who actually might enjoy starving a schoolchild. n