

## Tidewater Strategists Fumble On Tax Cuts, Foreign Policy

Easton, Md.—Rep. Jack Kemp (R-NY) set the tone for an otherwise uneventful gathering of national Republican figures here with a call for a “Republican renaissance” based on the American tradition of growth and economic progress.

The conference, organized by Senate and House Republican Campaign Committee Chairmen Bob Packwood and Guy Van der Jagt to discuss the Party’s appeal to the electorate, had plodded through two morning discussions considering such weighty matters as revenue sharing and the use of the phrase “positive and vigorous” instead of “affirmative action.” In this sort of atmosphere, it was possible for Jacob Javits (R-NY) to make an effort to transform the meeting into a cheering section for the Bilderberg Society. Just prior to the gathering, Javits had publicly demanded that the U.S. accept Great Britain’s plan to replace the dollar as a reserve currency with London’s “funny-money” SDRs.

But Kemp’s appearance at the afternoon session changed the atmosphere. Kemp issued nothing short of a call to arms to the Republican Party to take responsibility for the growth of the Republic and republics throughout the world, and thus to return the GOP its historic base of blacks and labor. While Kemp clung to the silly notion that a tax cut will accomplish all of this, his intervention into the discussion period carried with it a qualitatively different thrust than even most Republican discussions of tax cuts. Against attempts to interject a call for a balanced budget and to focus only on the tax cut issue, Kemp said “the issue here is not balancing the budget, or any other means to the end. The issue here is the end result. To show the people that we are the party of growth and production and real meaningful employment. We have to rid ourselves of the Keynesian myth that high unemployment means lower inflation. As NAACP head Margaret Bush Wilson said, “more and more people working is not what causes inflation.”

Javits, who had been billed by the press as the other

half of a Kemp-Javits debate on tax-cut policy, could only mouth Republican-sounding phrases about the need for capital formation. One Senator commented afterwards, “He sounded so conservative. I told him he sounded to conservative.”

A recent New York *Daily News* article reported that Kemp is already considered a surefire 1980 Republican candidate for the Senate seat held by Javits, whether or not Javits decides to retire. The same article noted that Kissinger, also seeking the Senate seat, was getting little support in Republican circles as “the Rockefellers and the Conservative Party are interested in Kemp’s campaign.”

The spirit of Kemp’s intervention carried into the next day’s discussion on defense policy. One senator stressed the need to defend the dollar and to ensure economic stability as perhaps more important than any other aspect of strategic policy.

Despite Kemp and his impact, the resolutions actually passed by the conference in all cases reflected a compromise with Javits’ Bilderberg faction—the most innocuous middle ground positions of the party. For example, Resolution III (Tax-cut): “Resolved, we believe high tax rates and continued deficits are inflationary; we support substantial permanent reductions in federal incomes and capital gains tax rates in order to restore incentive, encourage real economic growth, and expand the reward for working, saving and investing; such private savings and incentives will increase job opportunities, enhance maximum growth and achieve a balanced budget.” Or, Resolution V (Defense): “Resolved, that the interests of world peace will be best served by maintaining a balance of power involving conventional and strategic forces. The current Democrat policy of unilateral U.S. disarmament, in the face of mounting Soviet military aggressiveness, is a serious mistake. Therefore, in the vital search for peace, any agreement on arms limitations must fully protect the security of the United States and our allies.”

### Kemp: Make GOP ‘Party Of Growth’

*The following are excerpts of Representative Jack Kemp’s speech:*

... The truth is I am not really interested first and foremost in a Republican renaissance. What I’d rather have first is a revival of the American dream. But I am don’t think we can get from here to there without a revolution in the Grand Old Party. . . .

Think about a wagon. It’s a simple but forceful way of thinking about the essence of government. The wagon is loaded here, unloaded over there. The people are loading the wagon are the Republicans. The folks who are unloading it are the Democrats. The Republicans are the party of growth. The Democrats are the party of distribution. The system works best when each party is doing its job. What I am saying is that the system is breaking down because the Republican Party has not been doing

its job. Instead of loading the wagon, some Republicans have stepped away to complain about the unloading job the Democrats have been doing.

... What is really necessary to the system is that the Republican Party become the dominant party in America. I mean this only in the sense that it is the party of growth and growth must dominate distribution. . . .

Let us not forget that when we are talking about growth we are talking about the American dream, about opportunity and fulfillment. This is real growth — realizing a potential. . . .

Because Democrats have dominated the system for generations, their idea of growth has become the orthodox one. They picture an America already gobbling a third of the earth’s mineral resources, gobbling more. Growth is seen as the antithesis of redistribution, instead

of its prerequisite. Growth must be fought and prevented, according to the new Malthusians. Otherwise the planet will be stripped clean to provide the handful of humanity that resides in North America with a three car garage.

That isn't Republican growth. It's what we get Republicans aren't doing their job, and the Democrats are trying their hand at growth. . . .

As Margaret Bush Wilson puts it, inflation is not caused by too many people working. Yet in Keynesian terms, the basic cure for unemployment is inflation. And the basic cure for inflation is unemployment. This is as close as the Democratic Party has come to understanding growth. . . .

Unhappily, this idea of an inflation-unemployment tradeoff is also one that has infected the GOP. . . .

Economic growth, real not inflated, can't lose, and the Democrats know it. The idea is powerful. When the NAACP went for growth last fall, and came out against the Malthusian energy plan cooked up in the Carter Administration, the Democrats acted as if there had been a sellout. But Republicans were just as shocked. It had not occurred to any Republican I know and it had not occurred to me that the NAACP would be in the market for growth and the idea would sell itself.

This I am convinced is only the first wave. There's a tidal wave coming equivalent to the one that hit in 1932, when an era of Republican dominance gave way to the New Deal. . . . We forget that until 1932 the GOP was the home of black Americans, the party of Lincoln, of eco-

nomie growth, of civil rights, of equal opportunities. . . .

World leadership is something more than not doing wrong. If the Republican party is to make amends for the dropping the ball in the '30s, it has to take internationalism seriously in all its facets. Leading is something more than setting a good example. This I think was President Eisenhower's only failing as an internationalist. He wisely stitched together a series of defense alliances. But when it came to issues of internal policies of other nations Ike was strictly hands off. This would have been fine if the Democrats were of the same mind, but they were not. The Democrats, who do not understand how to load a wagon, were running around the world advising all the emerging nations, the underdeveloped nations, that the best way to load a wagon is to fill it full of debt. . . .

We can't blame Democrats for advising on economic growth if Republicans had not only forgotten what they knew but also refused, as a matter of policy, to be of help in the internal affairs of other nations. What has it gotten us? The Third World is now up to its ears in debt. It has not yet learned how to load a wagon. And it loathes the United States for having taught it so well.

No, the Republican Party has to take its show on the road. Foreign aid has to take different forms. We must advise the world about economic growth and transplant the American dream — a kind of new international economic expansion of trade and commerce and peaceful borders.

## Vance: U.S. Security Tied To Developing Sector Progress

*The following are excerpts from Secretary of State Cyrus Vance's speech to the annual convention of the League of Women Voters in Cincinnati, May 1:*

The U.S. has a profound stake in its relations with the nations and peoples in the developing countries. Our response to their problems, needs and aspirations tests not only the quality of our leadership in the world but our commitment to economic and social justice....

Our foreign policy flows from what we are as a people, our history, our culture, our values, and our beliefs. One reason this nation has a foreign aid policy is that we believe we have a humanitarian and moral obligation to help alleviate poverty and promote more equitable growth in the developing world .... We can be proud we are a people who believe in the development of human potential ...

Foreign aid is clearly in our national, economic, and political interest. The success or failure of the developing countries to grow more food, develop new energy supplies, sell their raw materials, and curb their populations and defend themselves against aggression will matter to Americans.

Our economic health and security are more closely tied today than ever before to the economic well-being and security of the developing world. Progress there means more jobs and prosperity for the U.S. The non-oil-producing developing countries are a major market for

American goods, taking a quarter of our total exports last year ... Our nation gained more than \$7 billion from our private investment in the developing world in 1975, and in 1976... Our economy benefits as aid dollars spent here on goods and commodities .... The economic growth of the developing world is taking place primarily as a result of massive efforts by the leaders and the peoples of the developing nations. For many of these nations, the most critical factor in their growth and development are our policies toward trade, investment, commodities and technology. Our economic aid ... makes a crucial contribution to their well-being ....

In addition to America's economic involvement in the developing world, our political interest is strongly engaged as well. The developing countries are often key participants in the quest for peace. Regional stability and peace in the Mideast, Southern Africa and elsewhere cannot be achieved without the cooperation of the developing nations.

which affect peace...depends in large measure on strengthening political ties between the industrialized and developing world. Our ties to the developing countries are essential in many other areas which affect our national security. ... The peace and stability we seek in the world cannot be obtained solely through the maintenance of a strong defense in concert with others. The social unrest which breeds conflict can best be prevented through economic growth and an equitable distribution of resources. As Pope John > 311 10